

Report for Q2 2010

- Orders received and margins
- Highlights
- Development per segment
- Geographical development
- Financials
- Outlook

Mr. Lars Renström
President and CEO
Alfa Laval Group

Key figures

April – June 2010

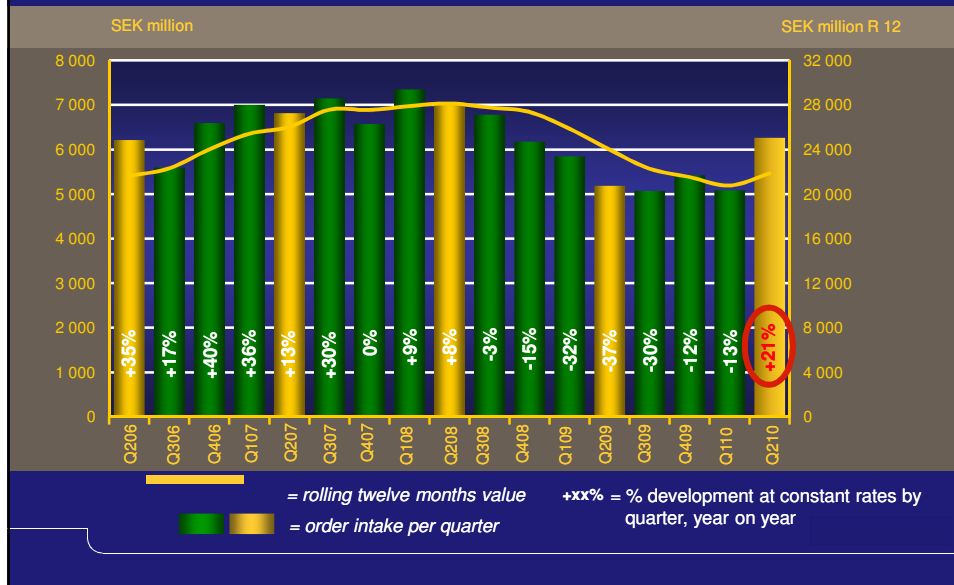
- Orders received rose 21% to SEK 6,267 million.
- Net sales down 6% at SEK 6,359 million.
- Adjusted EBITA up 1% at SEK 1,192 million.
- Adjusted EBITA margin widened to 18.7%
- Positive currency effect SEK 105 million.

January – June 2010

- Orders received increased 3% to SEK 11,356 million.
- Net sales down 14% at SEK 11,740 million.
- Adjusted EBITA down 9% to SEK 2,204 million.
- Adjusted EBITA margin increased to 18.8%
- Positive currency effect SEK 200 million.

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Orders received



Order analysis

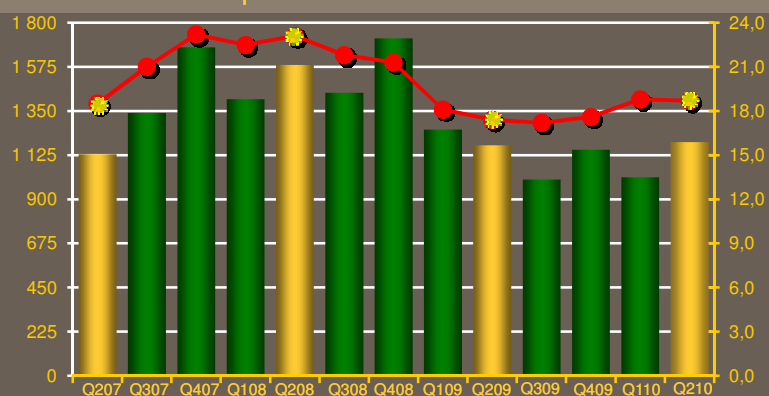
April – June 2010

2009 (SEK millions)	5,188
Structural change, %	+ 5.5
Currency effects, %	- 4.2
Organic development, %	+ 19.5
Total, %	+ 20.8
2010 (SEK million)	6,267

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Adjusted EBITA / margin *

SEK millions and in percent of sales



* Adjusted EBITA – "Earnings before interests, taxes, amortization of goodwill and step up values and comparison distortion items."

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Highlights during the quarter

Large orders, total SEK 240 million (105)

- * Refinery order in India.
Order value SEK 95 million. Delivery in 2011.

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Highlights during the quarter

Large orders, total SEK 240 million (105)

- * Refinery order in India.
- * Ballast system orders from Korean shipyards.
Order value SEK 80 million. Delivery in 2011 and 2012.

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Highlights during the quarter

Large orders, total SEK 240 million (105)

- * Refinery order in India.
- * Ballast system orders from Korean shipyards.
- * Functional food order in India.
Order value SEK 65 million. Delivery in 2010 and 2011.

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Highlights during the quarter

Acquisitions

- * **Astepo** – Italian provider of aseptic technology.
Supplier of aseptic technology such as bag-in-box fillers and heat exchangers to the global fruit juice concentrate industry. Sales of about SEK 70 million in 2009 and some 20 employees.

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Highlights during the quarter

Acquisitions

- * **Astepo** – Italian provider of aseptic technology.
- * **Si Fang** – 65% of leading supplier of sanitary products.
Provides pumps, valves and fittings to the Chinese food and beverage market. Si Fang had sales of about SEK 150 million in 2009 and some 400 employees. It was consolidated as of April 1, 2010.

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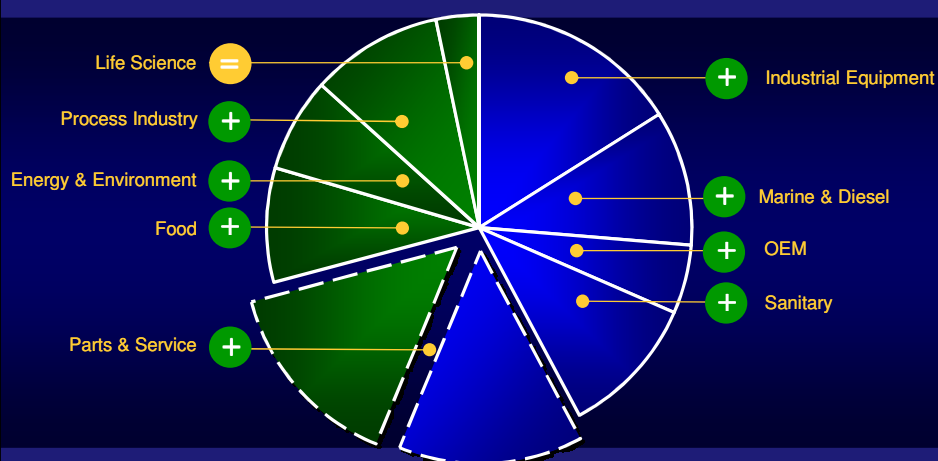
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Orders received by customer segment

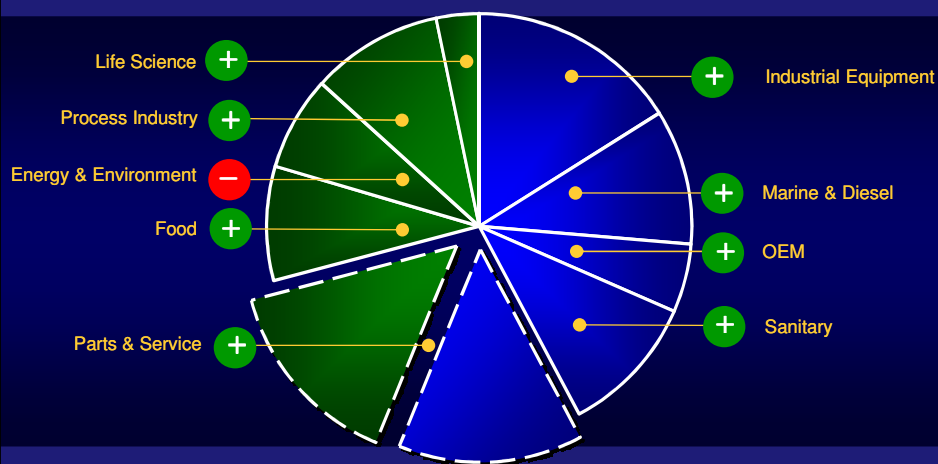
April - June 2010, at constant rates



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Orders received by customer segment

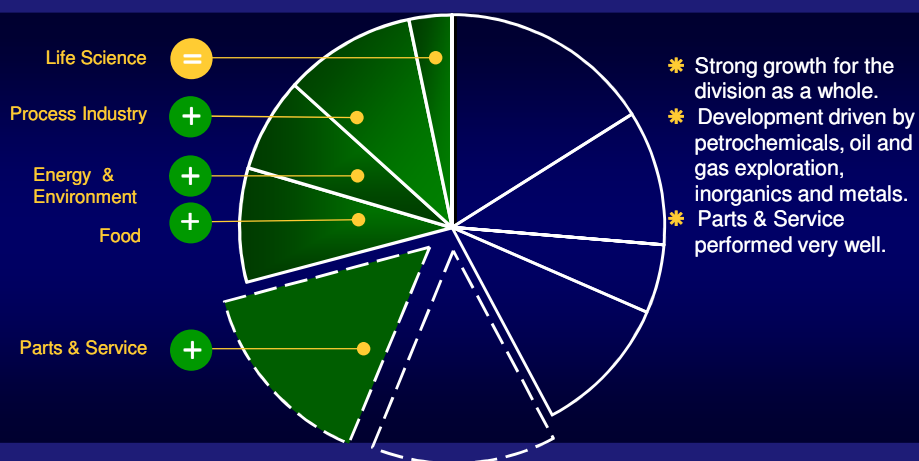
Sequential development 2Q versus 1Q, at constant rates



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Orders received by customer segment

Process Technology Division April – June 2010, at constant rates

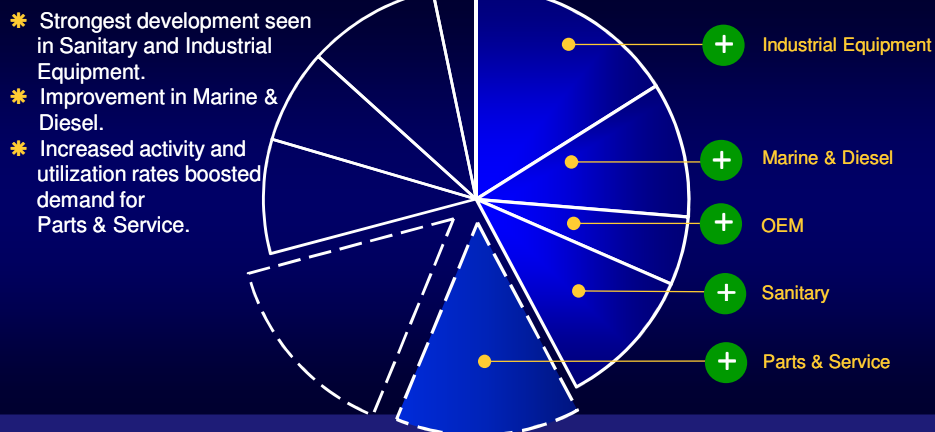


- * Strong growth for the division as a whole.
- * Development driven by petrochemicals, oil and gas exploration, inorganics and metals.
- * Parts & Service performed very well.

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Orders received by customer segment

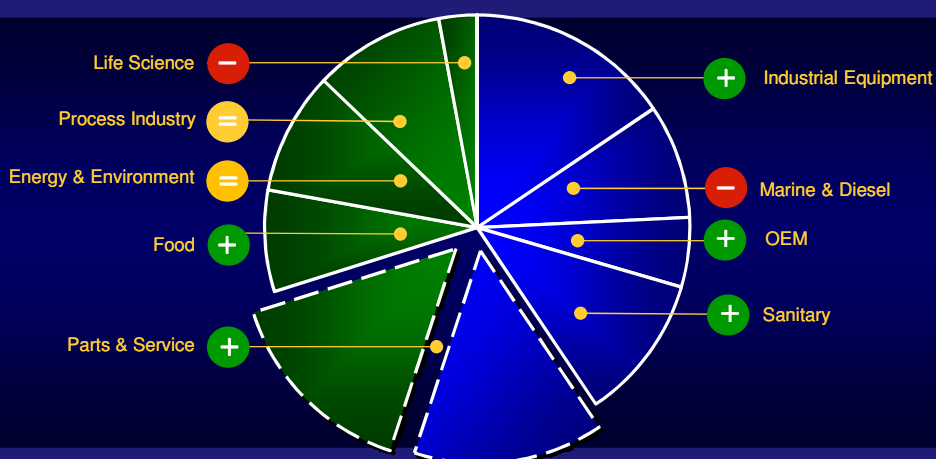
Equipment Division, April – June 2010, at constant rates



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Orders received by customer segment

January - June 2010, at constant rates



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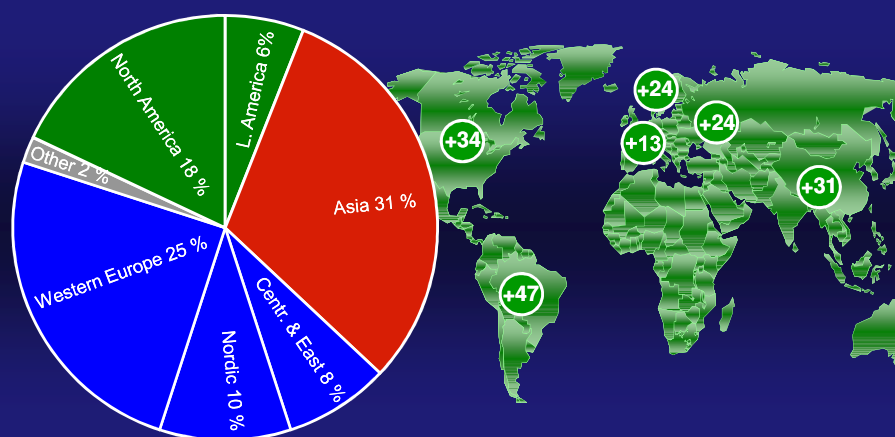
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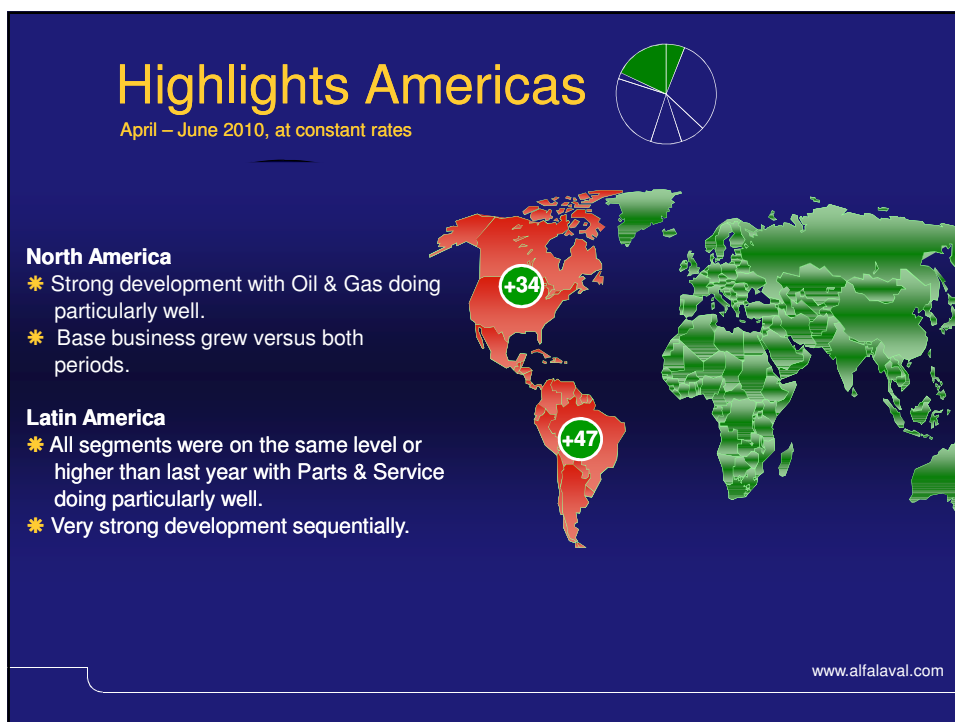
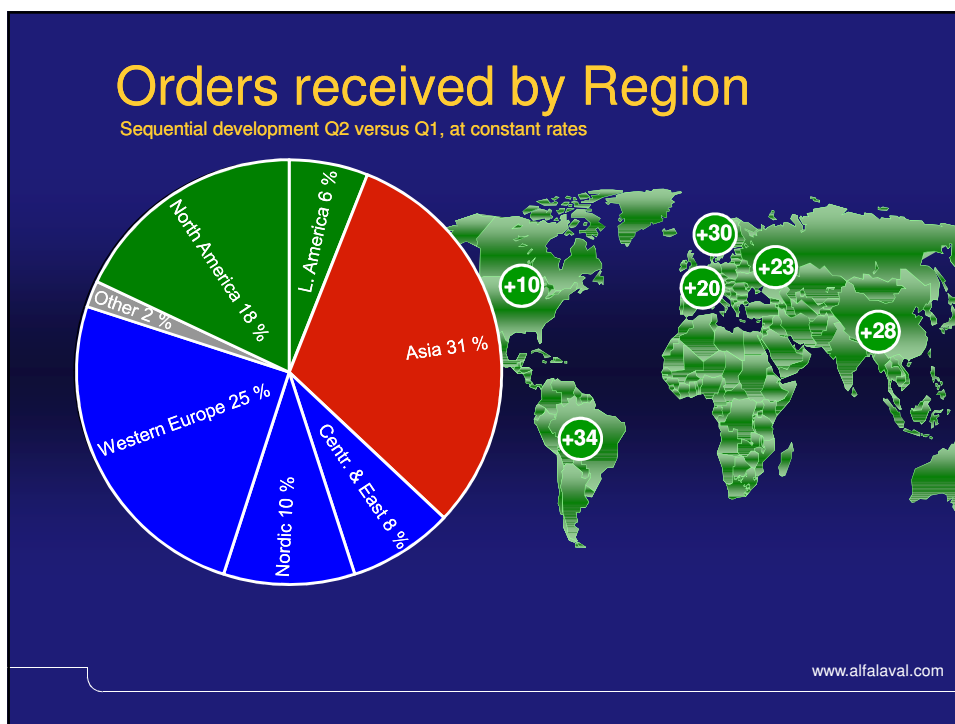
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Orders received by Region

April – June 2010, at constant rates

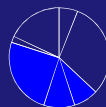


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Highlights Europe

April – June 2010, at constant rates

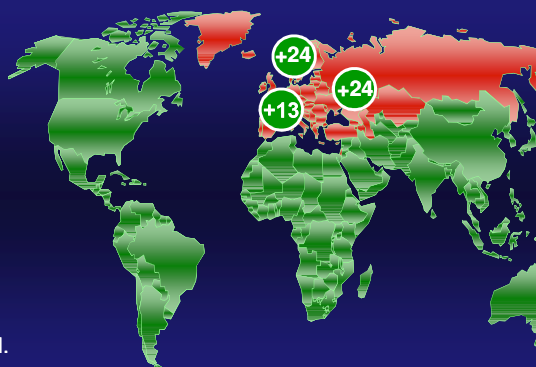


Western Europe incl. Nordic

- * All countries were up except the UK.
- * Base business grew on year and sequentially.

Central and Eastern Europe

- * Very strong development on year.
- * Russia and Turkey did particularly well.



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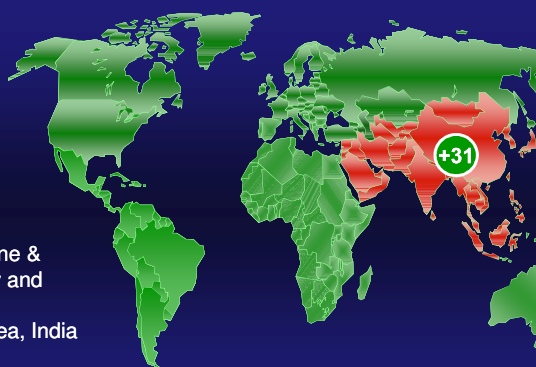
Highlights Asia

April – June 2010, at constant rates




Asia

- * Best performing segments were Marine & Diesel, Industrial Equipment, Sanitary and Process Industry.
- * Strong sequential performance in Korea, India and China.



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Mr. Thomas Thuresson
 CFO
 Alfa Laval Group

Highlights

SEK millions

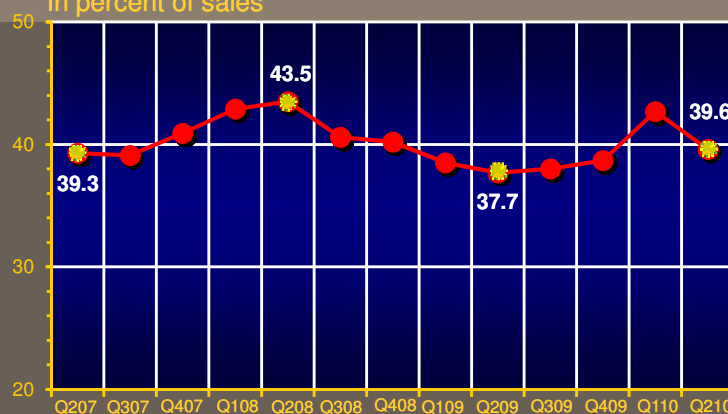
April – June 2010

Order intake	6,267
Net sales	6,359

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Gross profit margin

In percent of sales



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Gross Profit Margin

- analysis year-on-year and sequentially

In percent	Q2 2009	Q1 2010
Actual	37.7	42.7
- Foreign exchange, transaction	+ 1.9	- 0.5
- Change in product mix	+ 0.6	- 1.0
Sub.total:	40.2	41.2
-Procurement (neg)		
-Productivity (pos)		
-Price adjustments (pos)		
-Margin in order backlog (neg)		
-Volume (pos)		
Actual for Q2 2010:	39.6	39.6

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Highlights

SEK millions	April – June 2010
Order intake	6,267
Net sales	6,359
Adjusted EBITA	1,192
Adjusted EBITA-margin	18.7%
Profit before tax	1,147

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Earnings per share

	April - June		Jan. - June	
	2010	2009	2010	2009
Earnings	1.97	1.49	3.42	3.29
Earnings, excluding step-up	2.13	1.62	3.75	3.55

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Repurchase of shares

	June 30
Repurchased shares for cancellation	2,583,151
Percentage of outstanding shares	0.6
Cash-out and decrease in parent company and consolidated equity (SEK mln)	-253

The AGM 2010 gave the Board a mandate to repurchase up to 5 percent of the company's issued shares up until the next AGM in 2011.

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Highlights

SEK millions	April – June 2010
Order intake	6,267
Net sales	6,359
Adjusted EBITA	1,192
Adjusted EBITA-margin	18.7%
Profit before tax	1,147
Cash flow from operating activities	892
ROCE	34.4%
ROE	23.4%

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Cash-flow statement

SEK millions	Jan – June 2010	Jan – June 2009
Cash flow from		
- operating activities	1,899	2,353
- investing activities	- 452	-1,336
Financial net paid	- 36	- 188
Total	1,411	829

Pro Forma Free-cash-flow*	1,728	1,967
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*Incl. operating activities, capital expenditure and financial net paid.

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Foreign exchange

Estimated impact on adjusted EBITA from FX fluctuations

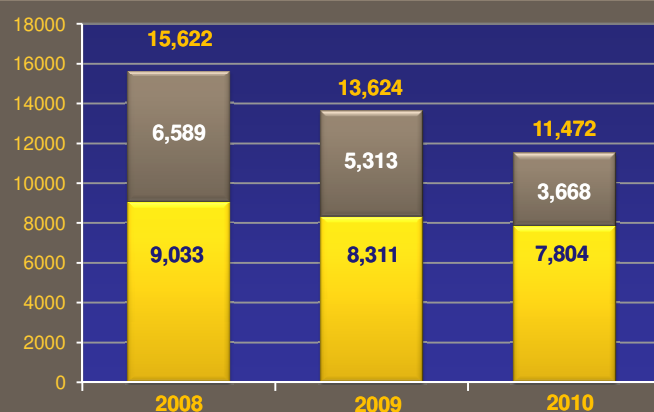
SEK million	Q2 10	1H 10	WY 10	WY 11*
Translation effect	-21	-75	+70	0
Transaction effect	+126	+275	+470	-100
Total	+105	+200	+540	-100

*Based on EUR/USD 1.25 and EUR/SEK 9.60

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Order backlog as per June 30

SEK millions



For delivery after current year
 For delivery current year

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Sales

Full year 2010

		SEK (bln)
1H Sales		11.7
Backlog	+	7.8
Subtotal		19.5
<i><u>Remaining main parameters</u></i>		
Orders "in-for-out" H2 (assuming same level as 2009)	+	4.0
Acquisitions (assuming no further acquisitions)	+	0.3
FX (assuming current rates rest of year)	+	0.2
Full year 2010	<u>appr</u>	<u>24.0</u>

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Outlook for the third quarter

“We expect demand during the third quarter to be in line with, or somewhat lower than, the second quarter.”

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