

ALFA
LAW



Report for Q2 2014

- Key figures
- 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 2014

- * Orders received rose 19% to SEK 8,969 million.
- * Net sales grew 12% to SEK 8,423 million.
- * Adjusted EBITA increased 9% to SEK 1,348 million.
- * Adjusted EBITA margin 16.0% vs 16.5%
- Negative currency effect SEK 10 million.

January – June 2014

- * Orders received rose 12% to SEK 16,443 million.
- * Net sales increased 7% to SEK 15,020 million.
- * Adjusted EBITA advanced 5% to SEK 2,410 million.
- * Adjusted EBITA margin 16.0% vs 16.4%
- Negative currency effect SEK 20 million.

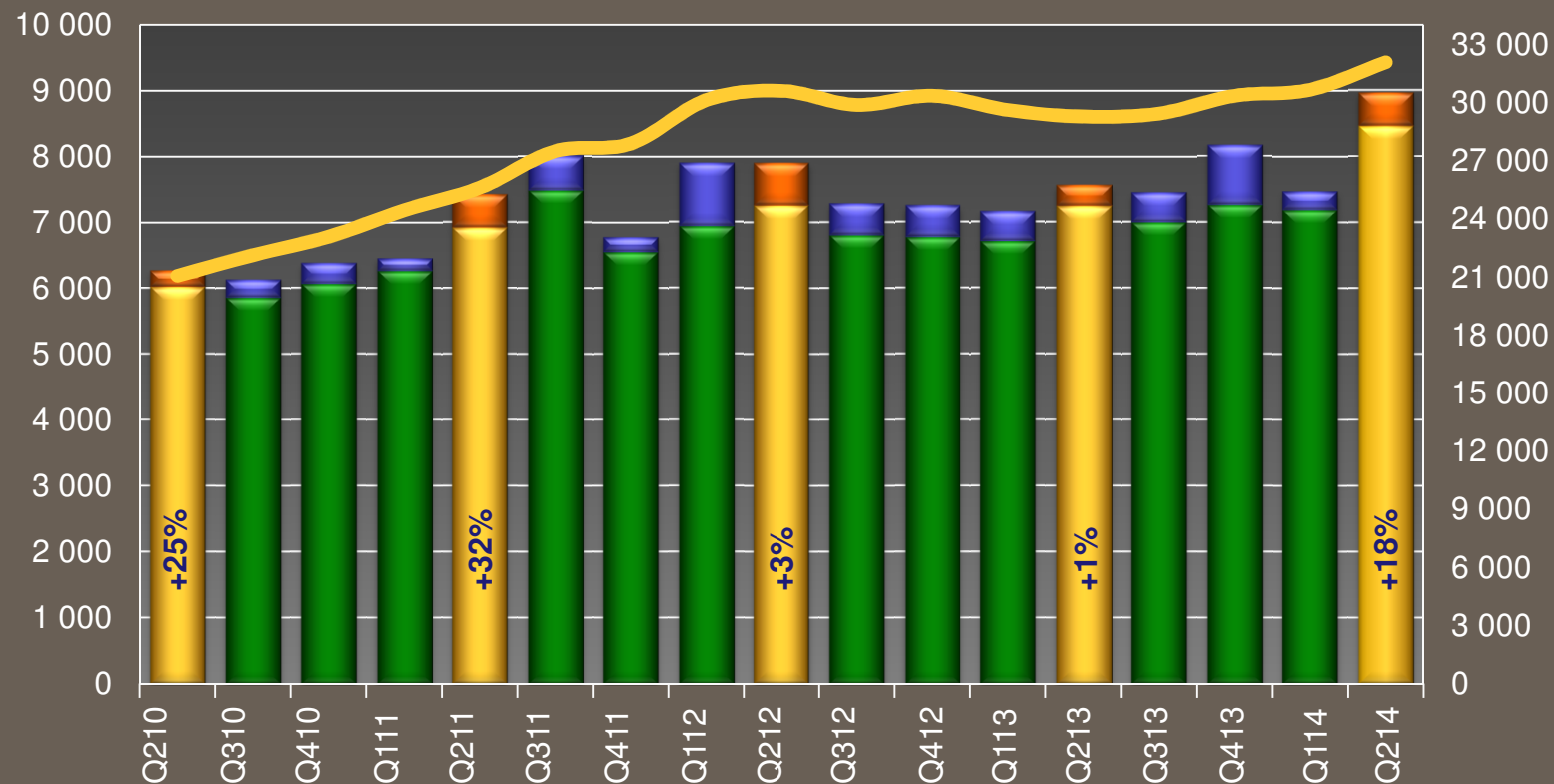
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Orders received

SEK million

SEK million R 12



  = Order intake per quarter "large"
  = Order intake per quarter

 = Rolling twelve months value

+XX% = % development at constant rates by quarter, year on year

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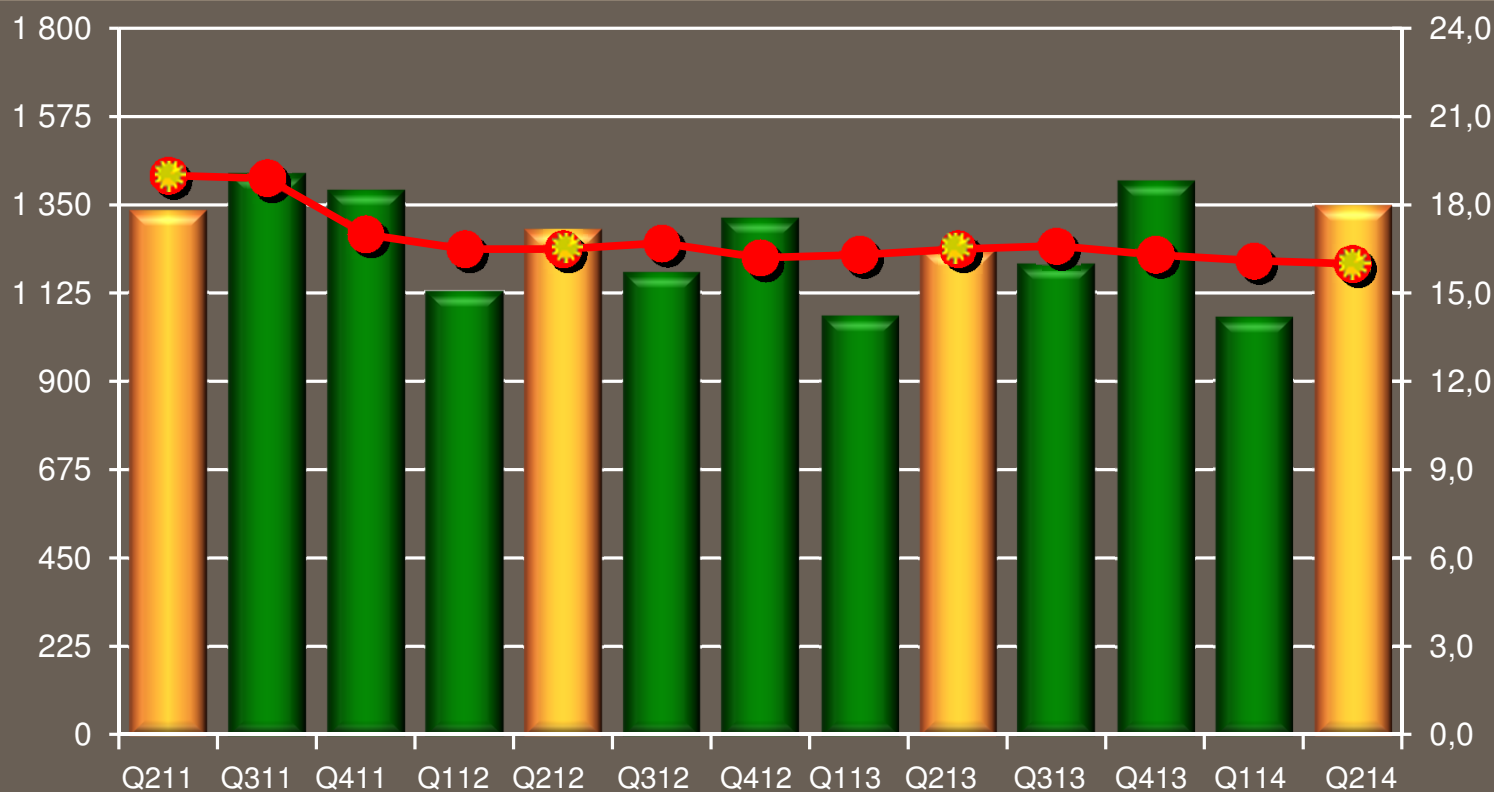
Order analysis

Q2 2014 versus Q2 2013 and versus Q1 2014 (MSEK)

Q2 2013	7,524	Q1 2014	7,474
Structural change, %	+ 9.3		+ 10.0
Organic development, %	+ 9.1		+ 8.1
Total	+ 18.4		+ 18.1
Currency effects,%	+ 0.8		+ 1.9
Total, %	+ 19.2		+ 20.0
Q2 2014	8,969	Q2 2014	8,969

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 in the quarter

Process Technology



Order to supply air cooler systems for a natural gas liquids export terminal in the U.S.

Value: SEK 55 million

Energy-efficiency order for compact welded heat exchangers to a coal liquefaction plant in China.

Value: SEK 100 million.

Compact heat exchangers for caustic evaporation plant in the Netherlands.

Value: SEK 120 million.

Welded heat exchangers to a natural gas stabilization plant in Russia.

Value: SEK 50 million.

Offshore oil and gas order for heat exchangers in the UK. **Value: SEK 50 million.**

Marine & Diesel



Order for 4 open-loop Alfa Laval PureSOx exhaust gas cleaning systems from Finnlines.

Value not disclosed.

Order to retrofit 4 hybrid Alfa Laval Pure SOx systems.

Value: SEK 75 million

Acquisition of **Frank Mohn AS** closed.

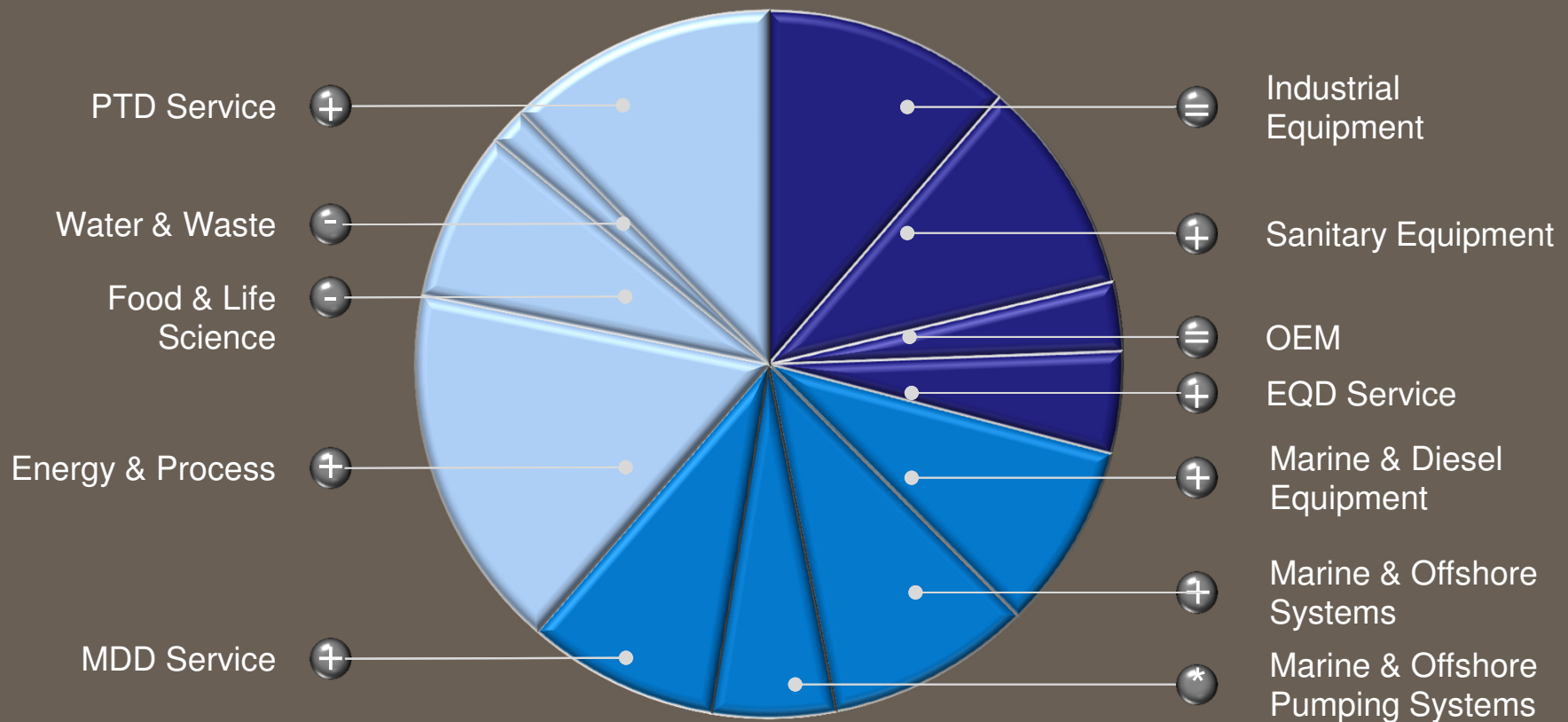
Added to the above, orders for another 2 EGC systems taken in the quarter, bringing the total number to 10 systems for 10 ships in the quarter and 50 systems for 45 ships to date.

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Orders received by customer segment

April – June 2014, at constant rates and like for like

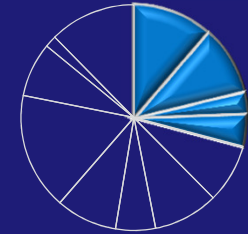


- Equipment division
- Marine & Diesel division
- Process Technology division

Year-on-year comparison

Marine & Offshore Pumping Systems is a newly formed segment and therefore lack comparison numbers

Equipment division



Highlights and sequential comments

- * All-time high order level, driven by seasonality in Industrial Equipment as well as a positive development for Sanitary, which saw an increase in demand for products going into personal care, dairy and other food applications.
- * Positive development in many geographies, especially US and China.

	Order	Sales	Backlog
Q2 2014	2,607	2,421	1,728
Q2 2013	2,476	2,353	1,735



Industrial
Equipment
11%*



Sanitary
10%




OEM
3%



Service
5%



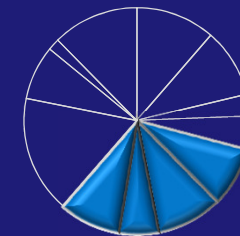
 Year-on-year comparison

 Sequential comparison

*Share of Group total

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Marine & Diesel division



Highlights and sequential comments

- * M&D Equipment saw overall higher order intake following ship contracting growth.
- * M&O Systems saw very strong demand for boilers and heaters.
- * M&O Pumping Systems saw a high order intake, reflecting contracting of chemical and product tankers late 2013/early 2014.

	Order	Sales	Backlog
Q2 2014	2,881	2,421	11,272
Q2 2013	1,809	1,666	4,649



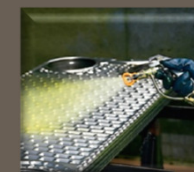
Marine & Diesel
Equipment
8%*



Marine &
Offshore Systems
9%*




Marine & Offshore
Pumping Systems
6%*



Service
9%*



 Year-on-year comparison

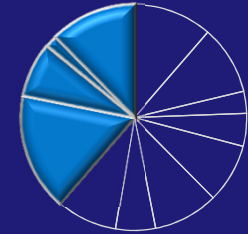
 Sequential comparison

Frank Mohn AS contribution: orders: SEK 583 mln
sales: SEK 552 mln
order backlog: SEK 5 719 mln

*Share of Group total

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Process Technology division



Highlights and sequential comments

- * The division had a very strong base business, with added support from large orders.
- * Energy & Process saw higher demand, lifted by Inorganics, Metals and Paper. Oil & Gas also grew.
- * Food & Life Science was affected by non-repeats while Water & Waste grew, mainly due to larger orders.
- * Strong development for Service.

	Order	Sales	Backlog
Q2 2014	3,481	3,581	8,695
Q2 2013	3,239	3,496	8,508



Energy &
Process 17%*



Food & Life
Science 8%*



Water & Waste
Treatment 2%*



Service
12%*



 Year-on-year comparison

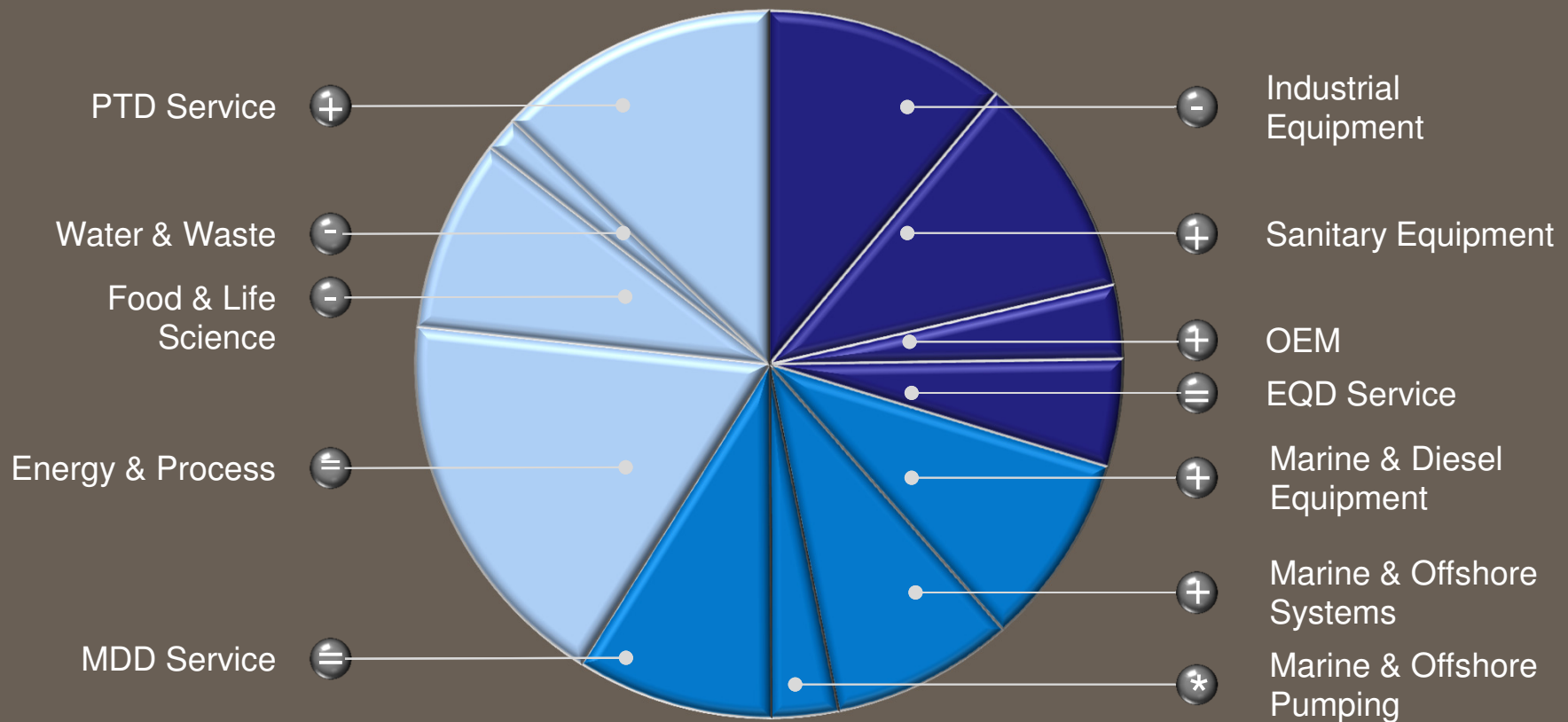
 Sequential comparison

*Share of Group total

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Orders received by customer segment

January – June 2014, at constant rates and like for like



- Equipment division
- Marine & Diesel division
- Process Technology division

Year-on-year comparison

Marine & Offshore Pumping Systems is a newly formed segment and therefore lack comparison numbers

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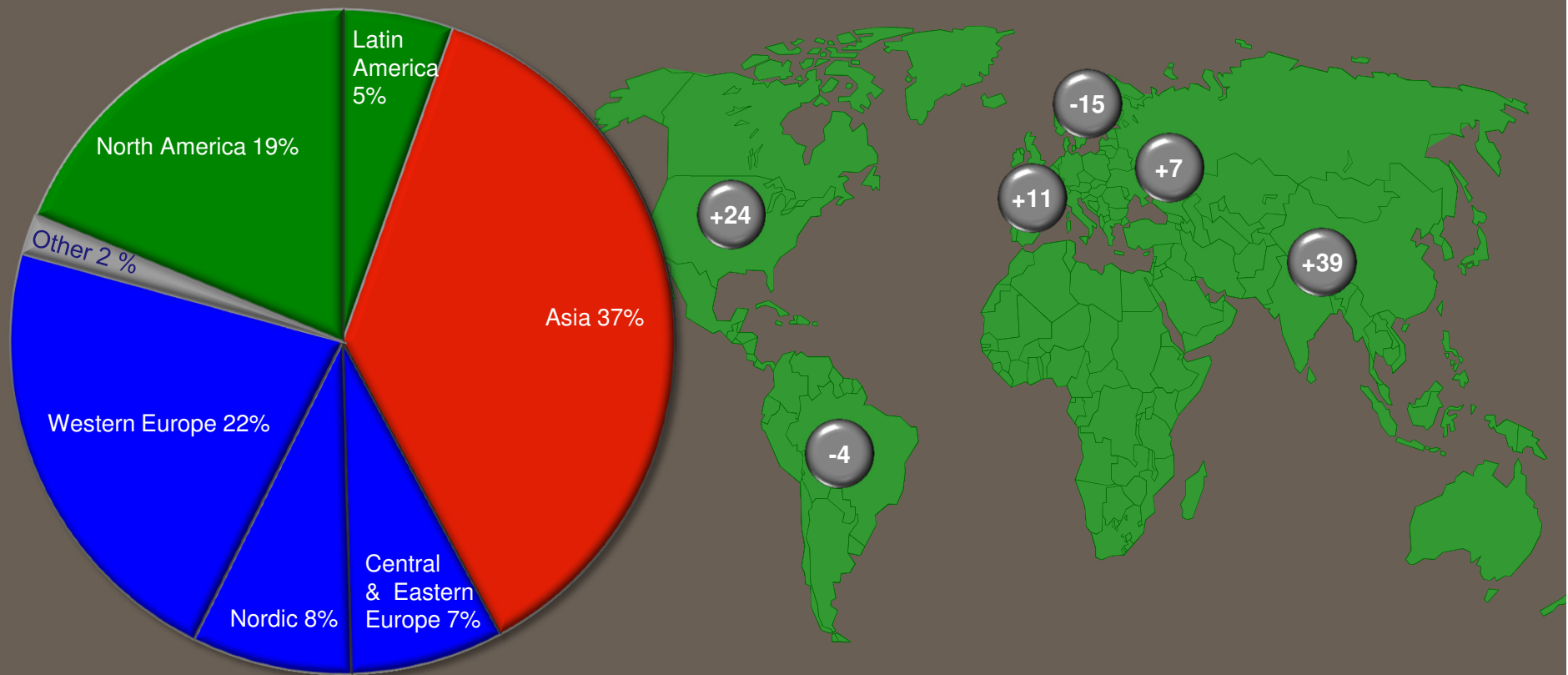


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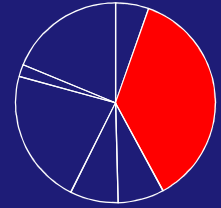
Orders received by Region

April – June 2014, development at constant rates



● Year-on-year comparison

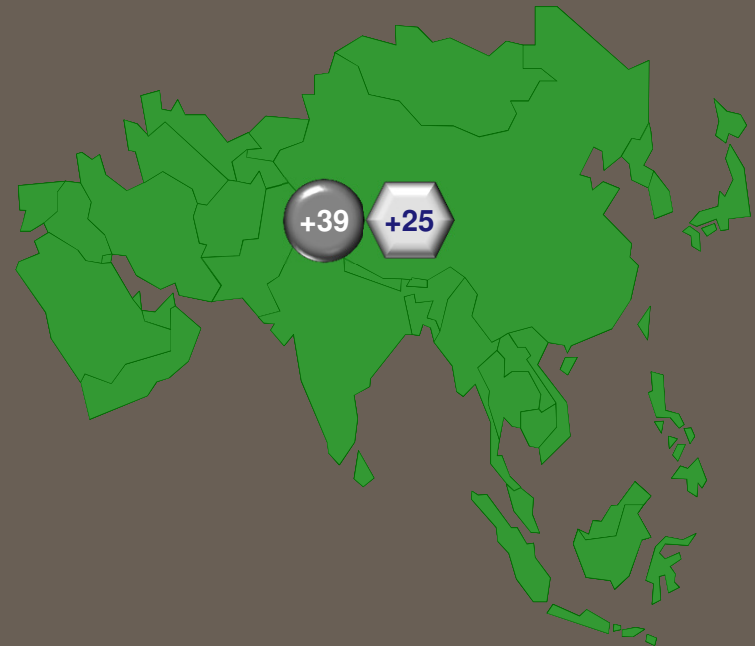
Highlights Asia



April – June 2014, at constant rates, sequential comments

Asia:

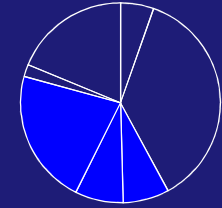
- * The strong development was supported by growth in both the base and project business.
- * Marine & Diesel Division did very well as it continued to benefit from an earlier surge in yard contracting as well as increased demand for energy transportation. The development supported shipbuilding nations such as South Korea, Japan and China.
- * China enjoyed a broad and positive development, following growth for all three divisions.



 Year-on-year comparison

 Sequential comparison

Highlights Europe



April – June 2014, at constant rates, sequential comments



Western Europe incl. Nordic:

- * Good development across most countries and regions. Base business and large orders grew.
- * Segments doing particularly well were Industrial Equipment, OEM and Energy & Process. Service grew.

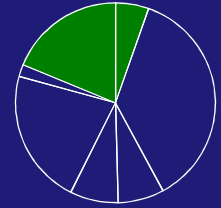
Central and Eastern Europe:

- * Significant increase in orders following positive development for the base business and large orders alike.
- * Russia recovered following large orders in Refinery, O&G and Power, but it also had a strong base business.

 Year-on-year comparison

 Sequential comparison

Highlights Americas



April – June 2014, at constant rates, sequential comments

North America:

- * Growth in the region came from both the base business and large orders. Service also performed well.
- * Equipment and Process Technology divisions both performed well across the board.

Latin America:

- * A slight sequential decline in order intake due to fewer large orders. Argentina was the exception, showing very good growth across all divisions.
- * The service business developed very well across the region.

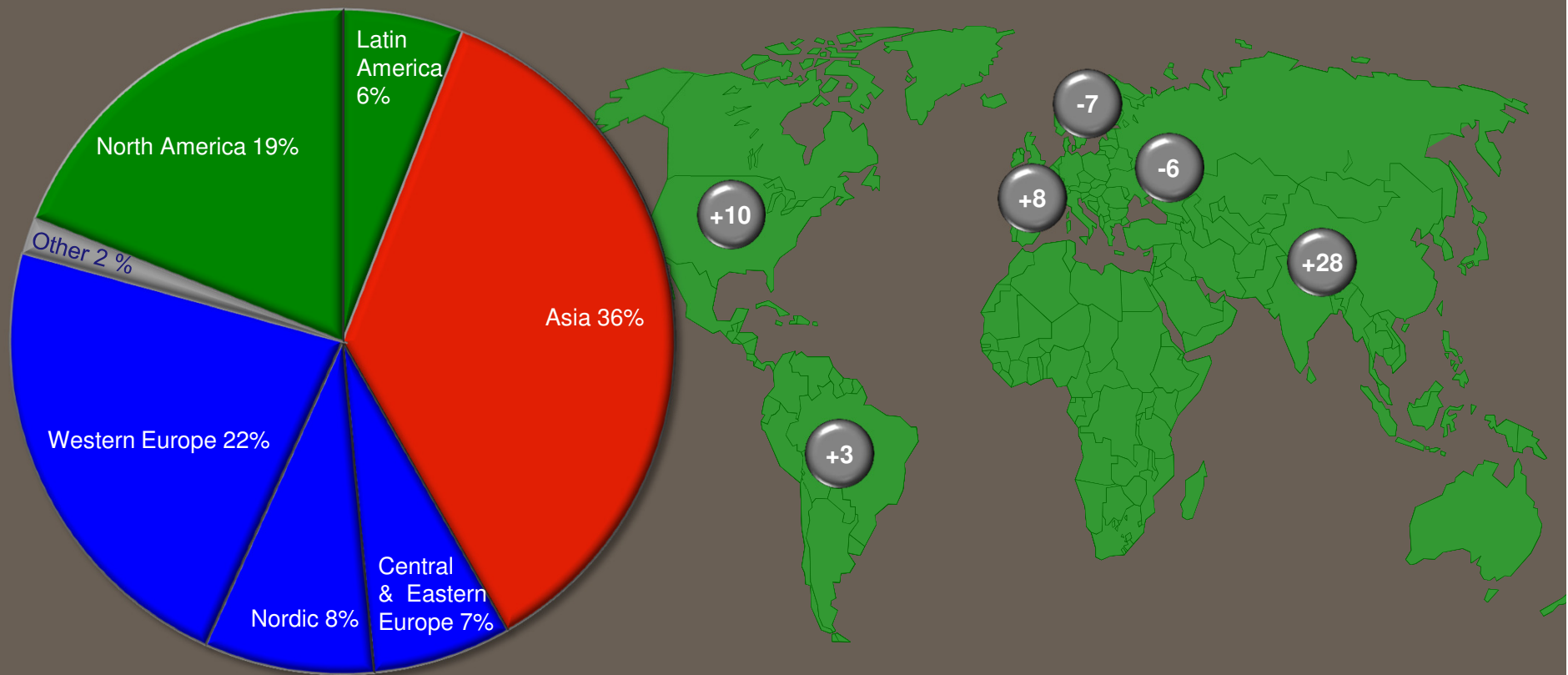


 Year-on-year comparison

 Sequential comparison

Orders received by Region

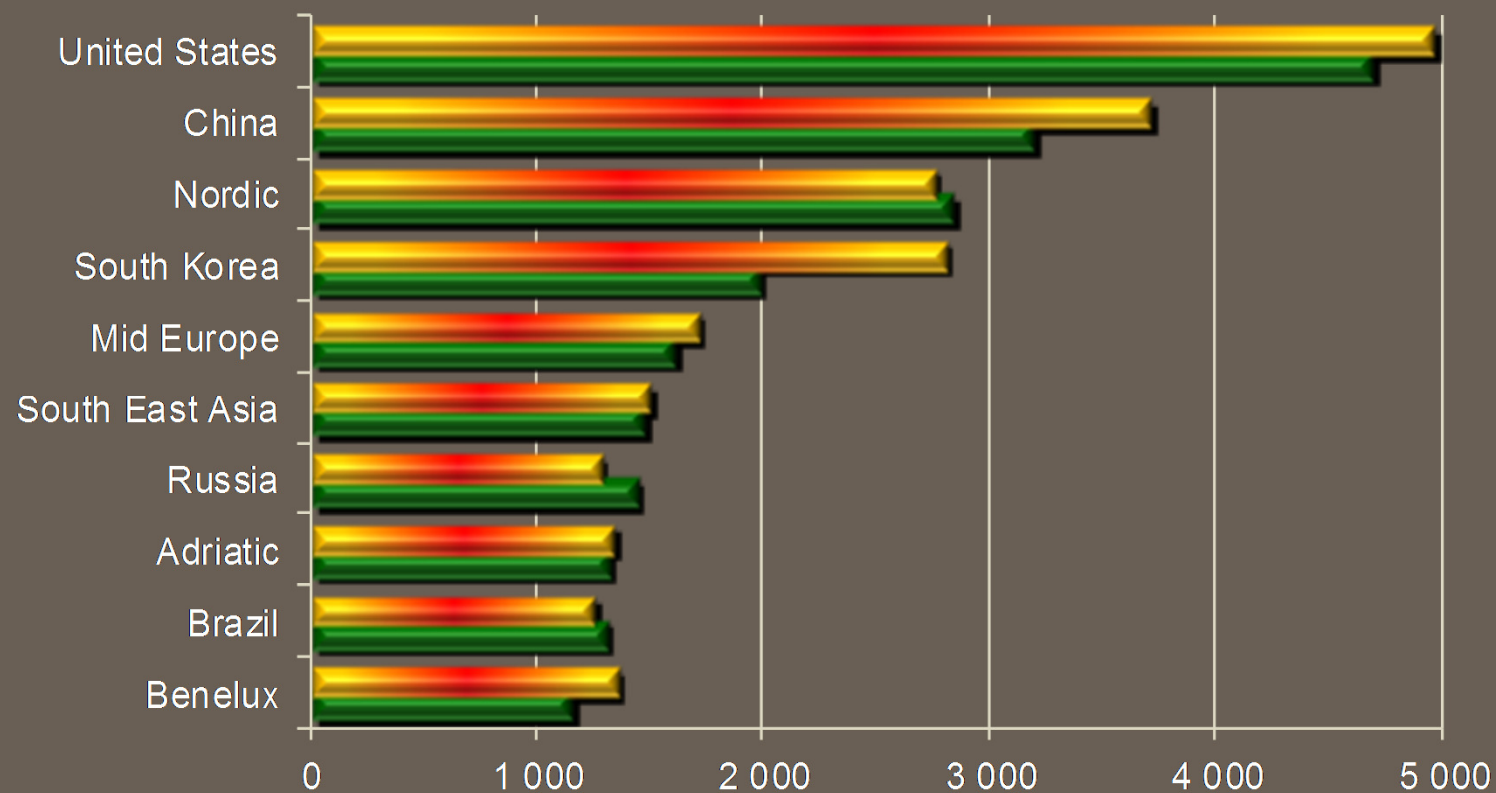
January – June 2014, development at constant rates





● Year-on-year comparison

Top 10 markets*

SEK million at prevailing rates



 = R12 as per end of June
 = WY 2013

**The development of the 2013 top ten markets.*



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Mr. Thomas Thuresson
CFO
Alfa Laval Group

Highlights

SEK millions

April – June, 2014

Order intake

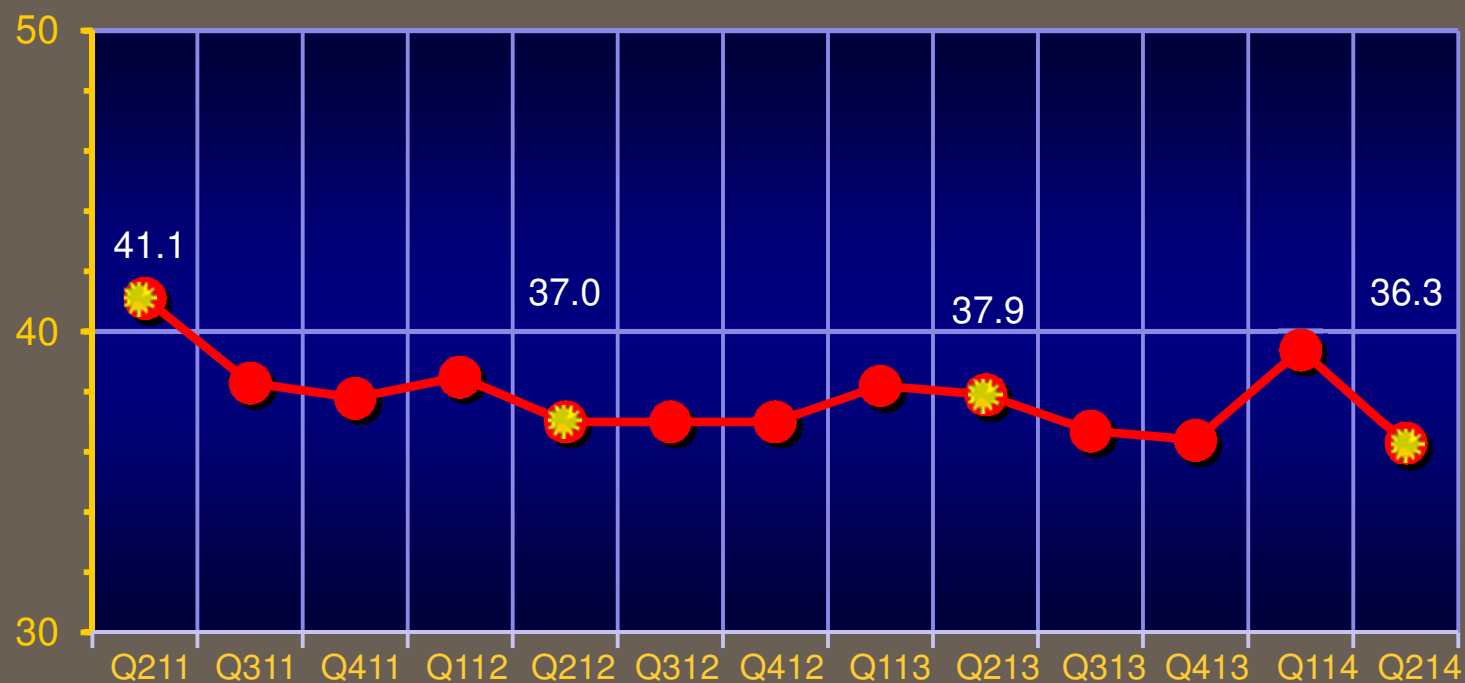
8,969

Net sales

8,423

Gross profit margin

In percent of sales



Highlights

SEK millions	April – June, 2014
Order intake	8,969
Net sales	8,423
Adjusted EBITA	1,348
Adjusted EBITA-margin	16.0%
Profit before tax	1,159
Earnings per share	1.89
Earnings per share, excl step-up	2.24
ROCE	22.9%
ROE	19.4%

Divisional performance

	Equipment		Process Technology		Marine & Diesel	
	Q2 '14	Q2 '13	Q2 '14	Q2 '13	Q2 '14	Q2 '13
Orders	2,607	2,476	3,481	3,239	2,881	1,809
Backlog	1,728	1,735	8,695	8,508	11,272	4,649
Sales	2,421	2,353	3,581	3,496	2,421	1,666
Op. profit	306	327	565	655	452	319
Op margin (%)	12.6	13.9	15.8	18.7	18.7	19.1

Frank Mohn AS contribution to Marine & Diesel:

Orders: SEK 583 million

Sales: SEK 552 million

Order backlog: SEK 5 719 million

Cash-flow statement

SEK millions	Q2 2014	Q2 2013	H1 2014	H1 2013
Cash flow from				
- operating activities	1,174	1,038	1,766	2,009
- investing activities	-14,497	- 540	-14,638	- 690
Financial net paid	52	- 62	149	- 19
Total	-13,271	436	-12,723	1,300

Pro Forma Free cash-flow*	1,094	877	1,661	1,810
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**Incl. operating activities, capital expenditure and financial net paid.*

Foreign exchange

Estimated impact on adjusted EBITA from FX fluctuations

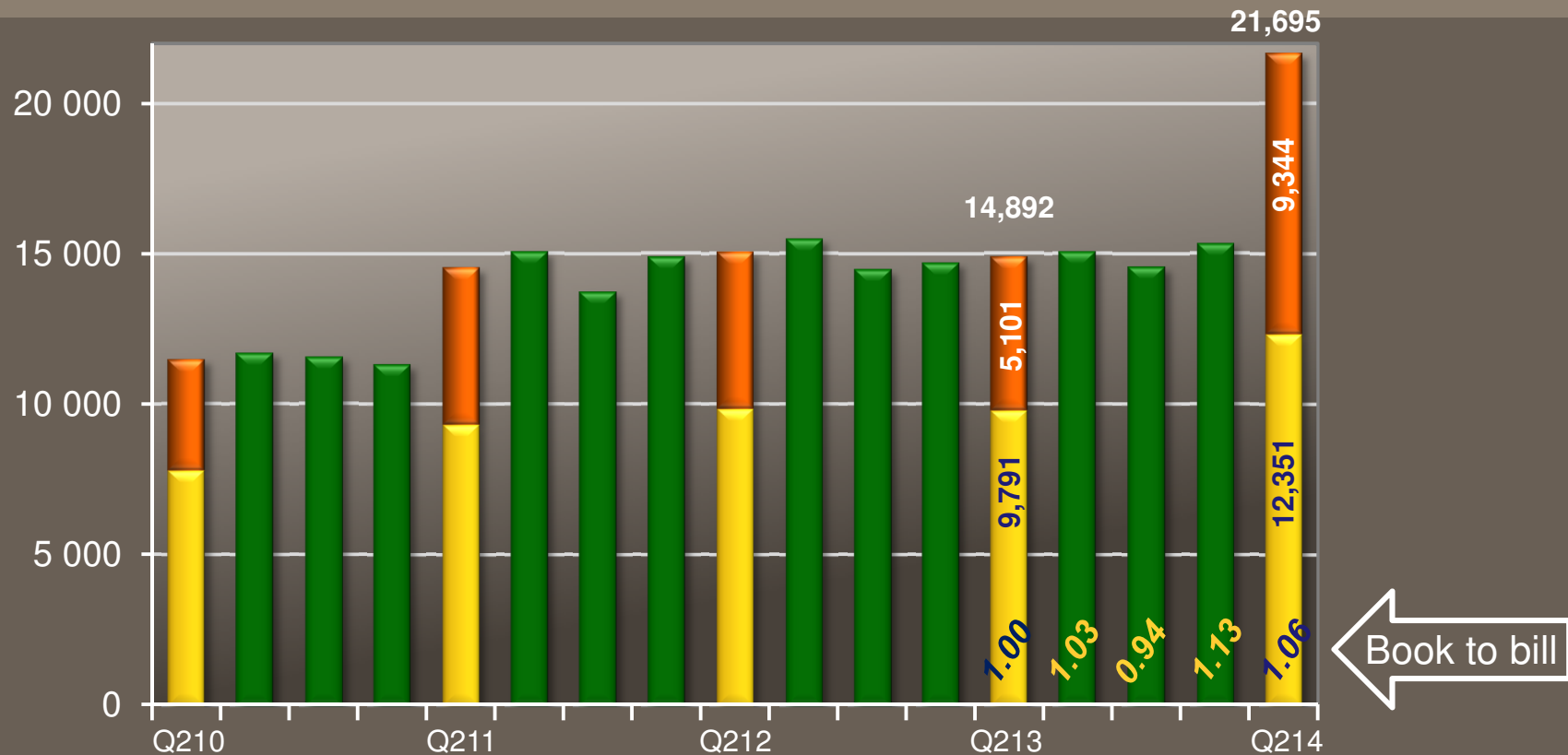
SEK million	Q2 14	1H 14	FY 14	FY 15*
Translation effect	- 20	-18	25	0
Transaction effect	10	- 2	- 25	55
Total	- 10	- 20	0	55

**Based on EUR/USD 1.36 and EUR/SEK 9.25*

Projected FX-effect for 2014 as communicated in Q1 report: SEK -50 million

Order backlog as per June 30

SEK millions



For delivery later than 2014
For delivery in 2014

Sales

Full year 2014

	SEK (bln)
Full year 2013	29.8
Order backlog, like-for-like	- 0.2
FX-translation	+ 0.5
Acquisitions	+ 3.0
<hr/>	
Subtotal	33.1
Orders “in-for-out”	?
Price	?
<hr/>	
Full year 2014	



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President and CEO
Alfa Laval Group

Outlook for the third quarter

“We expect that demand during the third quarter will be on about the same level as in the second quarter.”



ALFA
ROMEO

The image features the Alfa Romeo logo in a stylized, white, blocky font on a dark blue background. The logo is composed of two lines of text: "ALFA" on top and "ROMEO" on the bottom. The letters are thick and have a slightly irregular, hand-drawn appearance. A thin white horizontal line runs through the middle of the logo, separating the two lines of text. The background is a solid dark blue.

Cautionary statement

This presentation contains forward-looking statements that are based on the current expectations of the management of Alfa Laval Group.

Although management believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those implied in the forward-looking statements as a result of, among other factors, changes in economic, market and competitive conditions, changes in the regulatory environment, other government actions and fluctuations in exchange rates. Alfa Laval undertakes no obligation to publicly update or revise these forward-looking statements, other than as required by law or other regulations.