



## NEWS RELEASE

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### Alfa Laval's Capital Markets Day - summary

**Alfa Laval's Capital Markets Day, to be held today in Copenhagen, Denmark, will start with a presentation by Tom Erixon, President and CEO. He will talk about the fundamental shift that happened in 2017 as the company re-focused from acquired growth to organic growth. Both Tom Erixon and Jan Allde will be providing examples of implemented activities as well as upcoming initiatives.**

The company's strategic pillars form the base for organic growth, focusing on improving the customer experience, enhancing product leadership and upgrading the service offer. In the customer dimension Alfa Laval's interface is now becoming much more digital, from the ability for customers to make purchases online to the connectivity solutions which are being developed. In the product technology area, Alfa Laval has stepped up the pace, investing more in R&D than in previous years. This has led to 46 product launches over the past 12 months and another 87 can be expected in the next 12 months. In Service, important initiatives include more automation in the service shops and quicker response times from the new Marine service setup.

Going forward, the company will be driving continuous improvements to ensure the long-term direction. That includes continued supply-chain initiatives over the coming two years.

*Tom Erixon's powerpoint presentation will be available on Alfa Laval's website. A recorded version of his presentation, as well as that of Jan Allde will be posted on Alfa Laval's website in a few days' time.*

**Jan Allde, Executive Vice President and CFO,** will also talk about the development up until now, for order intake and sales. He will elaborate on the profitability development in recent years, pointing at several different initiatives which have supported the outcome, such as productivity enhancements within both sales and manufacturing as well as a thorough focus on product and quality cost reductions.

Increased R&D investments has also played a role. This role will increase in importance over the coming years, as product launches – the results of the investments – are

gradually being ramped up. He will reiterate the guidance on an R&D spend of 2.5 percent of sales, going forward.

Other important initiatives for Alfa Laval's future journey are the ones aimed at making the manufacturing footprint more efficient, as well as the ones tied to planned capacity expansions. Combined these will result in a capex spend of approximately 3 percent of sales in 2018-2019, to then start to normalize in 2020.

Step-up amortization over the coming two years is expected to be approximately SEK 950 million in 2019 and SEK 850 million in 2020. Additionally, on guidance; the tax rate of 26 percent is kept unchanged, as is the dividend pay-out target of 40-50 percent of EPS, adjusted for step-up amortization. The company's financial targets for growth, profitability and returns are kept unchanged.

*Jan Allde's presentation will be available on Alfa Laval's website.*

**Peter Leifland, president of the Marine Division**, will talk about the development for Alfa Laval PureSOx and Alfa Laval PureBallast, and conclude that demand for these types of solutions has been higher in 2018 than previously expected.

For scrubbers going forward, he will comment that the latest market reports show a trend towards a market potential over the years 2018-2026 that is possibly higher than the one Alfa Laval provided at the capital markets day in 2017. He will, however, emphasize that the final development of the market will very much depend on the fuel price delta between 0.5 percent sulphur fuel and heavy fuel oil, the fuel availability and the adoption rate per ship segment, to give a few examples.

For ballast water treatment, the market potential is upped to approximately EUR 9 billion from the previously expected EUR 7 billion over the period 2018-2026.

All Capital Market Day presentations will be available at:  
<http://www.alfalaval.com/investors/Publications/>

### **About Alfa Laval**

Alfa Laval is a leading global provider of specialized products and engineering solutions based on its key technologies of heat transfer, separation and fluid handling.

The company's equipment, systems and services are dedicated to assisting customers in optimizing the performance of their processes. The solutions help them to heat, cool, separate and transport products in industries that produce food and beverages, chemicals and petrochemicals, pharmaceuticals, starch, sugar and ethanol.

Alfa Laval's products are also used in power plants, aboard ships, in the mechanical engineering industry, in the mining industry and for wastewater treatment, as well as for comfort climate and refrigeration applications. Alfa Laval's worldwide organization works closely with customers in nearly 100 countries to help them stay ahead in the global arena.

Alfa Laval is listed on Nasdaq OMX, and, in 2017, posted annual sales of about SEK 35.3 billion (approx. 3.6 billion Euros). The company has about 16 400 employees.

[www.alfalaval.com](http://www.alfalaval.com)

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