



Q4 2023

Highlights

- Order intake increased by 7 percent to SEK 16.9 (15.8) billion.
- Net sales increased by 8 percent to SEK 17.8 (16.5) billion.
- Adjusted EBITA increased by 12 percent to SEK 2.8 (2.5) billion, corresponding to a margin of 15.9 (15.3) percent.
- Strong cash flow from operating activities of SEK 3.9 (1.7) billion.
- Earnings per share of SEK 3.77 (3.00).

Outlook for the first quarter

“We expect demand in the first quarter to be somewhat lower compared to the fourth quarter.”

Earlier published outlook (October 25, 2023):
“We expect demand in the fourth quarter to be about the same as in the third quarter.”

The Board of Directors will propose a dividend of SEK 7.50 (6.00) per share to the Annual General Meeting.

The Q4 2023 report has not been subject to review by the company's auditors.

Summary

SEK millions	Q4				Jan-Dec			
	2023	2022	%	% *	2023	2022	%	% *
Order intake	16,920	15,767	7	7	70,742	58,645	21	17
Net sales	17,839	16,484	8	7	63,598	52,135	22	18
Adjusted EBITA **	2,830	2,520	12		10,221	8,229	24	
- adjusted EBITA margin (%) **	15.9	15.3			16.1	15.8		
Result after financial items	2,254	1,762	28		8,650	6,179	40	
Net income for the period	1,570	1,260	25		6,381	4,569	40	
Earnings per share (SEK)	3.77	3.00	26		15.31	10.89	41	
Cash flow from operating activities	3,891	1,662	134		9,169	3,291	179	
Impact on result after financial items of comparison distortion items	-	-440			-	-767		
Return on capital employed (%) **					21.0	17.3		
Net debt to EBITDA, times **					0.85	1.47		

* Excluding currency effects. ** Alternative performance measures.



Comment from

Tom Erixon

President and CEO

"2023 marked a record year with SEK 71 billion in order intake and an organic order growth of 11 percent. Invoicing also reached an all-time high of SEK 64 billion and the adjusted EBITA margin increased to 16.1 percent.

Order intake generally remained firm in the quarter and amounted to SEK 17 billion, as expected sequentially stable. The Food & Water Division booked a new record in order intake of SEK 7.3 billion, mainly supported by the project related business and large orders. The more short-cycle transactional business improved from a low level, indicating that the bottom of the cycle is now behind us. Order intake in the Marine Division amounted to SEK 5 billion, somewhat lower compared to the very strong order intake in recent quarters. Still, market conditions remained positive in all end-markets providing a positive momentum into 2024. In the Energy Division, a weak demand in the HVAC applications was compensated by solid market conditions in other end-markets. The order intake amounted to SEK 4.7 billion, an organic growth of 5 percent compared to last year. The demand for solutions related to energy efficiency and decarbonization remains fundamentally strong.

The EBITA margin in the quarter was 15.9 percent, somewhat stronger than last year and supported by a record invoicing of almost SEK 18 billion. The Marine Division continued the margin recovery as expected with a margin of 18 percent. The Food & Water Division recorded a margin of 14.3 percent in the quarter. The profitability was negatively affected by claims provisions and some one-off charges compared to last year. After a period of elevated earnings, the margin in the Energy Division was 17.3 percent, somewhat stronger than last year but lower sequentially. The margin was negatively affected by revaluations and under-absorptions related to a weak heat-pump market.

The investments in R&D and new application development remained on a high level during the year, primarily supporting the offerings in sustainability and decarbonization. The product portfolio for the period 2025-30 is now largely in place. With a broader offering and a more diverse technology platform, the R&D expenses will likely remain on the current level of 2.5-3 percent of invoicing.

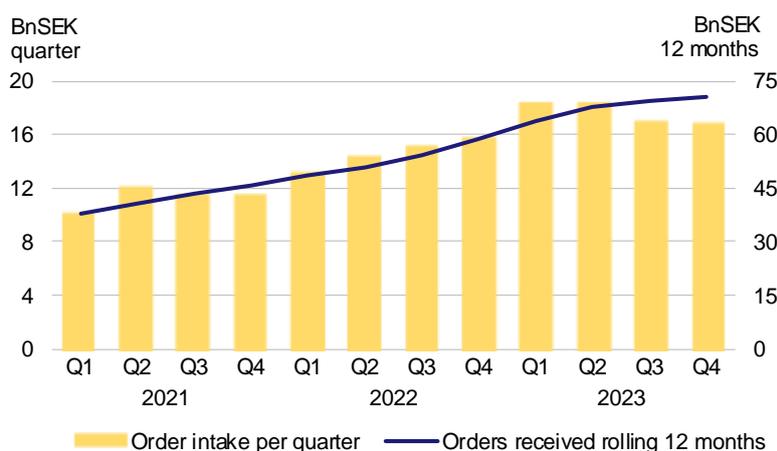
Capacity investments to support growth increased and amounted to SEK 2.4 billion, in line with guidance. During the year, actions have been taken to expand production capacity in all major geographies and the construction of a new service distribution centre in Lund was initiated. The current softer demand trend for brazed heat exchangers related to HVAC applications will not affect the medium-term capacity planning, but the implementation will slow down compared to the original plan. The capex guidance for 2024 is reduced to approximately SEK 2 billion.

In summary, 2023 ended strong and exceeding the financial targets. Invoicing growth was 12 percent organically, well ahead of the 5 percent target. The adjusted EBITA margin was 16.1 percent, above of the 15 percent target. The ROCE target of 20 percent was exceeded and reached 21 percent for the year, supported by a strong cashflow and a normalized balance sheet."

Tom Erixon,
President and CEO

Financial overview

Order intake



Orders received was SEK 16,920 (15,767) million in the fourth quarter and SEK 70,742 (58,645) million in the full year 2023.

Orders received from Service constituted 27.9 (28.4) percent of the Group's total orders received during the fourth quarter and 27.6 (28.4) percent during the full year 2023.

Order backlog



Excluding currency effects and adjusted for acquisition and divestment of businesses the order backlog was 19.0 percent higher than the order backlog at the end of 2022.

Net sales

Net invoicing was SEK 17,839 (16,484) million for the fourth quarter and SEK 63,598 (52,135) million for the full year 2023.

Net invoicing relating to Service constituted 29.7 (28.6) percent of the Group's total net invoicing in the fourth quarter and 30.3 (30.0) percent in the full year 2023.

SEK millions/%	Order bridge	
	Q4	Jan-Dec
2022	15,767	58,645
Organic ¹⁾	6.8%	10.5%
Structural ¹⁾	0.1%	6.3%
Currency	0.4%	3.8%
Total	7.3%	20.6%
2023	16,920	70,742

1) Change excluding currency effects.

SEK millions/%	Order bridge Service	
	Q4	Jan-Dec
2022	4,471	16,640
Organic ¹⁾	4.6%	11.9%
Structural ¹⁾	0.4%	0.7%
Currency	0.7%	4.9%
Total	5.7%	17.5%
2023	4,725	19,551

1) Change excluding currency effects.

SEK millions/%	Sales bridge	
	Q4	Jan-Dec
2022	16,484	52,135
Organic ¹⁾	7.2%	12.3%
Structural ¹⁾	0.1%	5.3%
Currency	0.9%	4.4%
Total	8.2%	22.0%
2023	17,839	63,598

1) Change excluding currency effects.

SEK millions/%	Sales bridge Service	
	Q4	Jan-Dec
2022	4,730	15,688
Organic ¹⁾	10.4%	17.2%
Structural ¹⁾	0.3%	0.7%
Currency	1.5%	5.2%
Total	12.2%	23.1%
2023	5,306	19,308

1) Change excluding currency effects.

- Organic: Change excluding acquisition/divestment of businesses.
- Structural: Acquisition/divestment of businesses.
- Service: Parts and service.

Income analysis

SEK millions	Q4		Jan-Dec	
	2023	2022	2023	2022
Net sales	17,839	16,484	63,598	52,135
Adjusted gross profit *	5,877	5,443	21,849	18,589
- adjusted gross margin (%) *	32.9	33.0	34.4	35.7
Expenses **	-2,606	-2,607	-10,069	-8,911
- in % of net sales	14.6	15.8	15.8	17.1
Adjusted EBITDA *	3,271	2,836	11,780	9,678
- adjusted EBITDA margin (%) *	18.3	17.2	18.5	18.6
Depreciation	-441	-316	-1,559	-1,449
Adjusted EBITA *	2,830	2,520	10,221	8,229
- adjusted EBITA margin (%) *	15.9	15.3	16.1	15.8
Amortisation of step-up values	-235	-266	-965	-943
Comparison distortion items	-	-440	-	-767
Operating income	2,595	1,814	9,256	6,519

* Alternative performance measures. ** Excluding comparison distortion items.

After years of positive book-to-bill, the strong invoicing in the quarter resulted in a decrease of the order backlog of around SEK 1 billion. The Group now has orders amounting to SEK 45 billion and a good base for invoicing growth in 2024. Gross margins on sales remained stable in the fourth quarter across the divisions, for the base business as well as service sales. From a mix perspective the higher portion of project invoicing in the quarter was offset by a good level of service invoicing. Gross profit in the fourth quarter was negatively affected by utilization imbalances in some of the manufacturing units and negative material and currency hedge results. The fourth quarter marks the last quarter with a portion of project invoicing of backlog that is out of sync with current commodity and input price levels.

Sales and administration expenses were SEK 2,441 (2,144) million during the fourth quarter and SEK 9,222 (7,939) million during the full year 2023. The figures for the full year corresponded to 14.5 (15.2) percent of net sales. Excluding currency effects and acquisition/divestment of businesses, sales and administration expenses increased by 12.0 percent during the fourth quarter and by 7.8 percent during the full year 2023 compared to the corresponding periods last year.

The costs for research and development during the full year 2023 corresponded to 2.5 (2.6) percent of net sales. Excluding currency effects and acquisition/divestment of businesses, the costs for research and development increased by 3.0 percent during the fourth quarter and by 7.9 percent during the full year 2023 compared to the corresponding periods last year.

Earnings per share was SEK 15.31 (10.89) for the full year 2023. The corresponding figure excluding amortisation of step-up values and the corresponding tax, was SEK 17.15 (12.78).

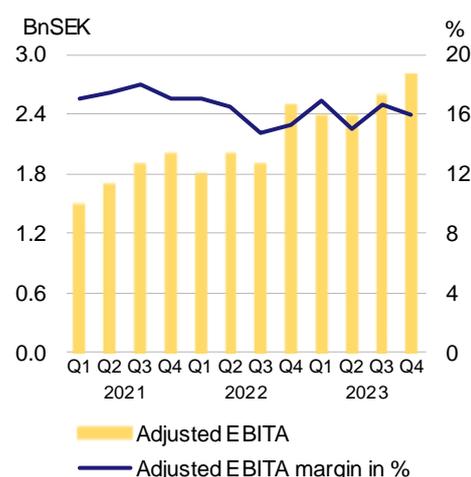
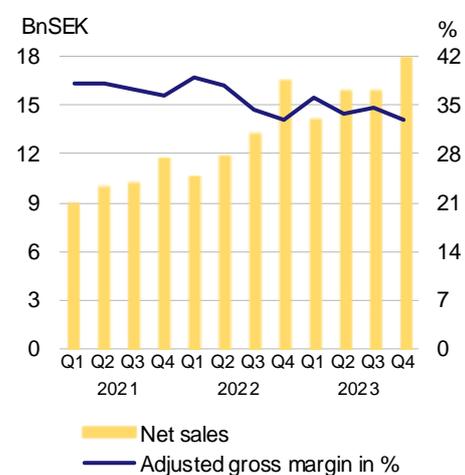
Comparison distortion items

SEK millions	Q4		Jan-Dec	
	2023	2022	2023	2022
Other operating costs				
Comparison distortion items:				
- Provision for financial consequences of Russia's war on Ukraine	-	-73	-	-400
- Restructuring costs	-	-367	-	-367
Net comparison distortion items	-	-440	-	-767

The comparison distortion items during the full year 2022 were relating to costs triggered by Russia's war on Ukraine and for a restructuring project for

SEK millions	Income bridge	
	Q4	Jan-Dec
Adjusted EBITA 2022	2,520	8,229
Volume ¹⁾	380	3,157
Mix ¹⁾	41	-518
Costs ¹⁾	-88	-854
Currency	-23	207
Adjusted EBITA 2023	2,830	10,221

1) Change excluding currency effects



parts of the Marine Division and the Business Unit for Welded Heat Exchangers in the Energy Division.

Consolidated financial net and taxes

The financial net for the full year 2023 was SEK -337 (-219) million, excluding realised and unrealised exchange rate losses and gains. The main elements of costs were interest on the debt to the banking syndicate of SEK -26 (-18) million, interest on the bilateral term loans of SEK -132 (-20) million, interest on the corporate bonds of SEK -125 (-127) million, interest on the commercial paper programme of SEK -16 (-10) and a net of dividends, changes in fair value and other interest income and interest costs of SEK -38 (-44) million. The net of realised and unrealised exchange rate differences was SEK -269 (-121) million.

The tax on the result after financial items was SEK -684 (-502) million in the fourth quarter and SEK -2,269 (-1,610) million in the full year 2023.

Cash flow

During the full year 2023 cash flows from operating and investing activities were SEK 6,482 (-2,227) million. The figure for 2023 has been burdened with SEK -652 (-3,140) million for build-up of inventories due to the volume growth and build-up of work in progress.

Depreciation, excluding allocated step-up values, was SEK 1,559 (1,449) million during the full year 2023.

Acquisition of businesses during the full year 2023 amount to SEK -337 (-3,685) million. The figure for 2023 is relating to the acquisition of the remaining shares in Marine Performance Systems with SEK -24 million, the acquisition of additional shares in StormGeo's subsidiary Climatempo in Brazil with SEK -118 million, the acquisition of 51 percent of Header-coil Company A/S with SEK -49 million, the acquisition of a European service provider with SEK -163 million, payment of withheld purchase price for the acquisition of Scanjet with SEK -23 million, payment of withheld purchase price for the acquisition of BunkerMetric with SEK -2 million and a reduction of the purchase price for Desmet with SEK 42 million. The figure for 2022 was relating to the acquisition of Desmet with SEK -3,431 million, the acquisition of Scanjet with SEK -237 million, the acquisition of BunkerMetric with SEK -13 million and payment of withheld purchase price for the acquisition of Airec with SEK -4 million.

Key figures

	Dec 31	
	2023	2022
Return on capital employed (%) ¹⁾	21.0	17.3
Return on equity (%) ²⁾	17.6	13.5
Solidity (%) ³⁾	45.4	43.9
Net debt to EBITDA, times ¹⁾	0.85	1.47
Debt ratio, times ¹⁾	0.27	0.37
Number of employees ⁴⁾	21,321	20,300

1) Alternative performance measure.

2) Net income in relation to average equity, calculated on 12 months' revolving basis, expressed in percent.

3) Equity in relation to total assets at the end of the period, expressed in percent.

4) At the end of the period.



Energy Division

The division targets customers in HVAC and refrigeration markets as well as process industries such as chemicals, petrochemical industry and the oil & gas industry.

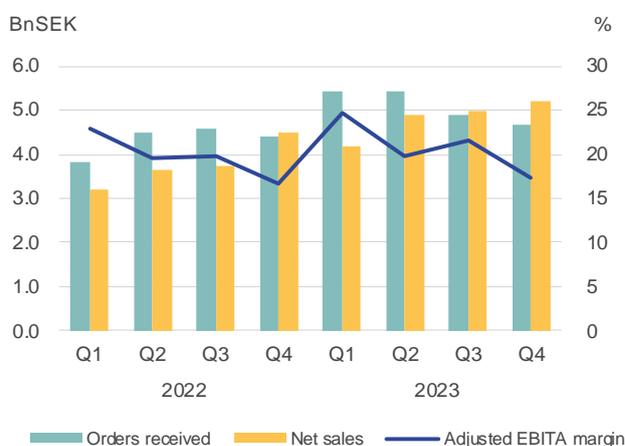
Focus is on increased energy efficiency, waste heat recovery and sustainable solutions.

- Order intake increased by 6 percent to SEK 4.7 (4.4) billion, with an organic growth of 5 percent.
- Net sales increased by 16 percent to SEK 5.2 (4.5) billion, with an organic growth of 14 percent.
- Adjusted EBITA of SEK 900 (746) million, corresponding to a margin of 17.3 percent.

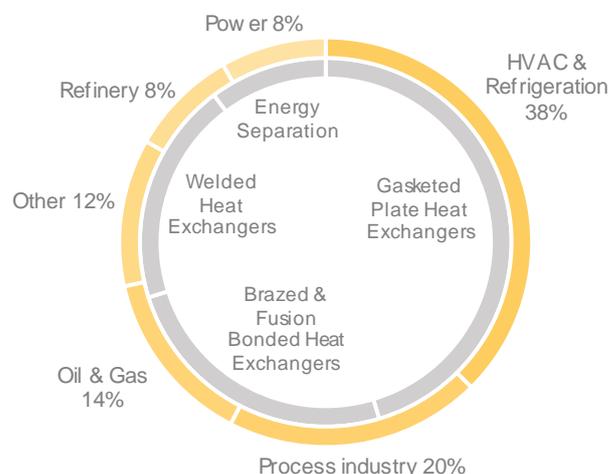
SEK millions	Q4		Jan-Dec	
	2023	2022	2023	2022
Orders received	4,662	4,407	20,414	17,294
Order backlog ¹⁾	10,075	8,517	10,075	8,517
Net sales	5,196	4,500	19,269	15,074
Operating income ²⁾	890	705	3,927	2,761
Adjusted EBITA ³⁾	900	746	3,986	2,927
Adjusted EBITA margin ⁴⁾	17.3%	16.6%	20.7%	19.4%
Depreciation	116	67	372	352
Amortisation	10	41	59	166
Investments ⁵⁾	384	209	992	535
Assets ¹⁾	19,263	17,330	19,263	17,330
Liabilities ¹⁾	7,433	6,574	7,433	6,574
Number of employees ¹⁾	5,902	5,457	5,902	5,457

1) At end of period. 2) Excluding comparison distortion items. 3) Alternative performance measure. 4) Adjusted EBITA/net sales. 5) Excluding new leases.

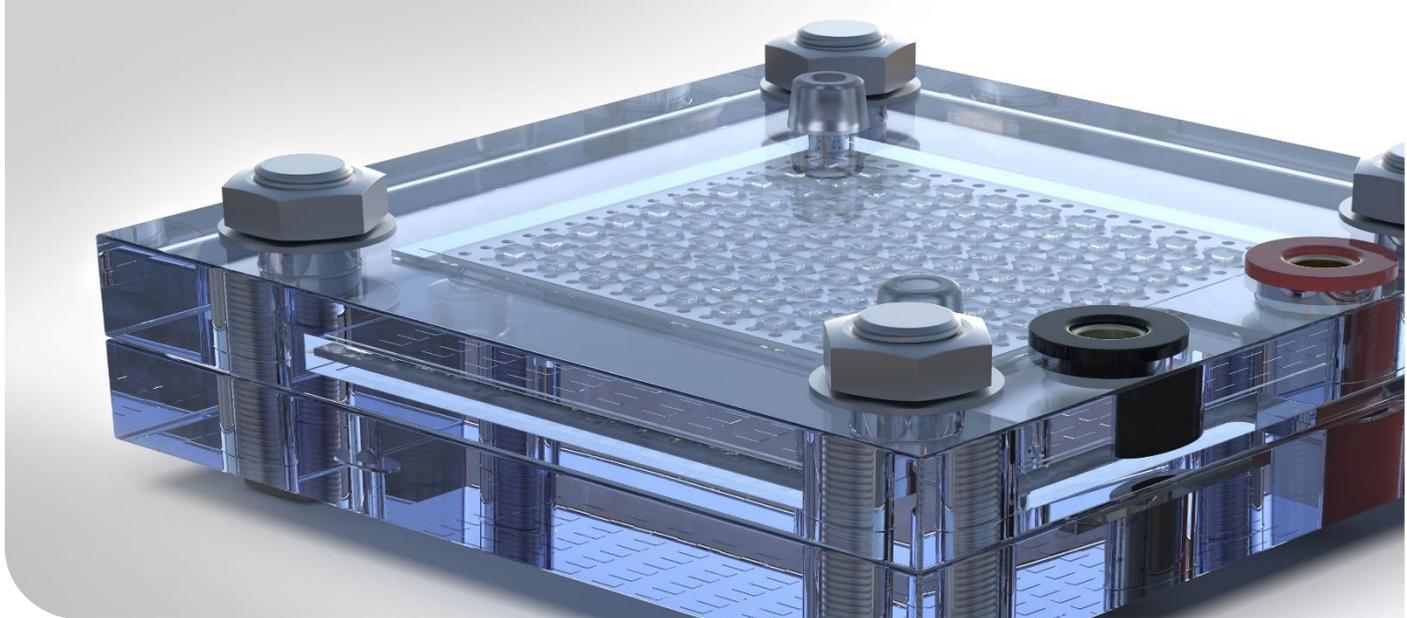
Quarterly development



Order intake Jan-Dec 2023 split per end market*/business unit



* "Process industry" consists of inorganic chemicals, metals, petrochemicals and pulp & paper and "other" consists mainly of manufacturing and mining.



Order intake*

The Energy Division reported a higher order intake compared to the same quarter last year. Continued high prices for energy and raw materials drove investments in gas production and in mining & metal industries. The positive development in the emerging clean energy sector continued and demand also grew for the recycling solutions. Order intake was strong across many geographical markets, but a slowdown in order intake was noted in Western Europe related to a weaker sentiment in the building industry.

Order intake in the largest end market, HVAC** was lower than last year, mainly as a consequence of lower demand for heat exchangers to heat pumps. This was driven by temporarily lower activity levels in Western Europe driven by lower construction activity. Demand for our solutions in commercial refrigeration was on the same level as last year. Demand in process industries grew in the quarter and exceeded last year. The order intake grew from customers investing in green hydrogen production as well as in production of fertilizers.

Service grew well in the quarter. A positive development was seen across most industries and geographical markets.

Net sales*

Net sales grew in all end markets driven by both service and capital sales, despite some remaining capacity constraints.

Adjusted EBITA***

The increased net sales in the quarter had a positive drop through contribution to EBITA. The net mix impact was positive reflecting our ability to balance fluctuations in the commodity markets. Increased sales activities, costs related to investments and inflationary pressure resulted in increasing overhead cost compared to last year.

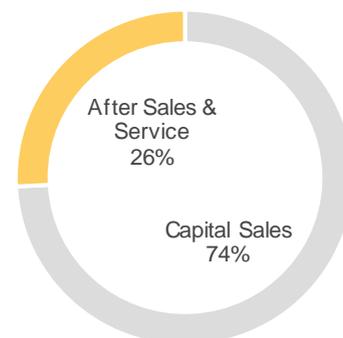
SEK millions/%	Order bridge	
	Q4	Jan-Dec
2022	4,407	17,294
Organic ¹⁾	4.8%	13.2%
Structural ¹⁾	0.2%	0.1%
Currency	0.8%	4.7%
Total	5.8%	18.0%
2023	4,662	20,414

1) Change excluding currency effects.

SEK millions/%	Sales bridge	
	Q4	Jan-Dec
2022	4,500	15,074
Organic ¹⁾	13.8%	22.7%
Structural ¹⁾	0.2%	0.1%
Currency	1.5%	5.0%
Total	15.5%	27.8%
2023	5,196	19,269

1) Change excluding currency effects.

Order intake Jan-Dec 2023 split on:



SEK millions	Income bridge	
	Q4	Jan-Dec
Adjusted EBITA 2022	746	2,927
Volume ¹⁾	212	1,292
Mix ¹⁾	79	123
Costs ¹⁾	-132	-411
Currency	-5	55
Adjusted EBITA 2023	900	3,986

1) Change excluding currency effects.

* Comments excluding currency effects.

** Heating, Ventilation & Air Conditioning.

*** Comments relating to income bridge.



Food & Water Division

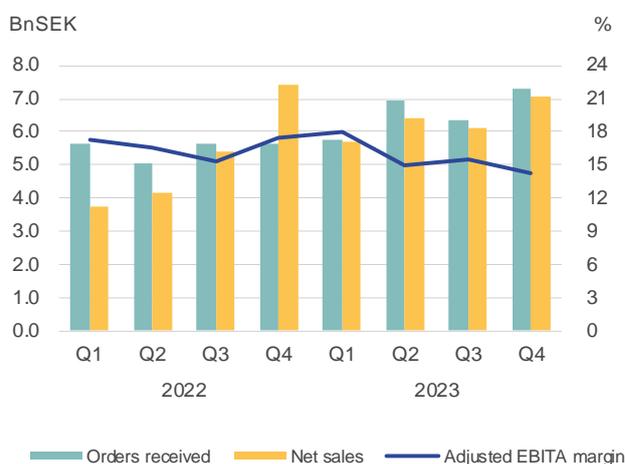
The division offers different types of products for heat transfer, separation and hygienic fluid handling and targets customers in food, pharmaceuticals, biotech, vegetable oils, brewery, dairy and body care products. In addition, the division focuses on public and industrial water treatment as well as wastewater and waste treatment.

- Order intake increased by 30 percent to SEK 7.3 (5.6) billion, with an organic growth of 28 percent.
- Net sales decreased by 5 percent to 7.1 (7.4) billion, with an organic decrease of 6 percent.
- Adjusted EBITA of SEK 1,011 (1,292) million, corresponding to a margin of 14.3 percent.

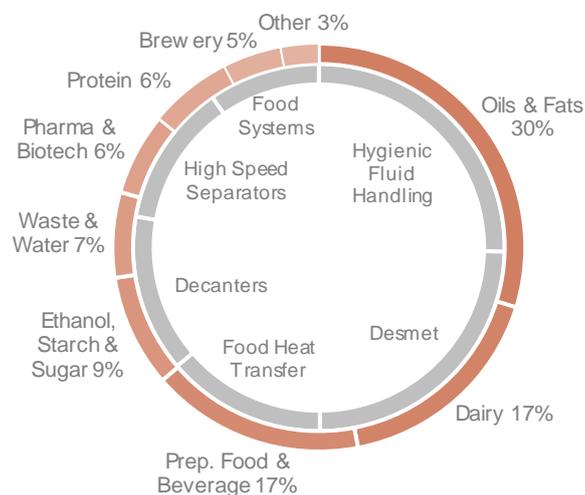
SEK millions	Q4		Jan-Dec	
	2023	2022	2023	2022
Orders received	7,286	5,613	26,368	21,909
Order backlog ¹⁾	15,977	14,381	15,977	14,381
Net sales	7,060	7,407	25,280	20,691
Operating income ²⁾	950	1,234	3,698	3,339
Adjusted EBITA ³⁾	1,011	1,292	3,942	3,458
Adjusted EBITA margin ⁴⁾	14.3%	17.4%	15.6%	16.7%
Depreciation	148	88	502	449
Amortisation	61	58	244	119
Investments ⁵⁾	172	139	472	360
Assets ¹⁾	20,376	21,196	20,376	21,196
Liabilities ¹⁾	8,295	8,291	8,295	8,291
Number of employees ¹⁾	8,283	8,052	8,283	8,052

1) At end of period. 2) Excluding comparison distortion items. 3) Alternative performance measure. 4) Adjusted EBITA/net sales. 5) Excluding new leases.

Quarterly development



Order intake Jan-Dec 2023 split per end market/business unit





Order intake*

Order intake grew compared to the same quarter last year and demand was positive across most industries. Geographically, growth was seen across all subregions in Europe. The growth in Asia was primarily driven by India and Southeast Asia, whereas China was stable. Order intake in North America was somewhat below last year.

The strong order intake in oils & fats was driven by a continued positive development in Desmet for traditional oils & fats as well as HVO** for biodiesel. Dairy showed strength with significant growth, where an overall positive industry sentiment drove investments and generated more capacity related orders. The pharma & biotech market declined somewhat despite solid developments in North America and Europe, but weaker demand in predominantly China held back overall growth. Order intake grew in ethanol, starch & sugar. Ethanol related orders continued to be driven by biofuel demand as a result of higher blending requirements in many countries. Geographically, growth was particularly strong in the U.S., Brazil and India. The order intake for waste & water grew and outside the stable and important North American market, demand was positive also in Europe and Asia. Brewery had an order intake slightly below last year's level although the order mix did include some larger capacity expansion projects. Protein showed strong growth across all applications in the industry.

The aftermarket showed growth, with particularly good demand in dairy, oils & fats and protein. The growth was equally driven by service and spare parts. Geographically, Southeast Asia, China and India showed the strongest growth whilst Europe and North America were unchanged.

Net sales*

Net sales was lower than last year, mainly as a result of a more even revenue recognition in Desmet during the year compared to last year. The share of project sales of total sales decreased and after sales grew faster than capital sales. Sales grew in protein and waste & water, while a decline was mainly noted in oils & fats.

Adjusted EBITA***

The lower net sales gave a negative volume effect. The negative mix impact was caused by somewhat higher project related costs in the quarter.

* Comments excluding currency effects.

** Hydrotreated Vegetable Oil.

*** Comments relating to income bridge.

Order bridge

SEK millions/%	Q4	Jan-Dec
2022	5,613	21,909
Organic ¹⁾	28.0%	0.0%
Structural ¹⁾	0.1%	15.4%
Currency	1.7%	5.0%
Total	29.8%	20.4%
2023	7,286	26,368

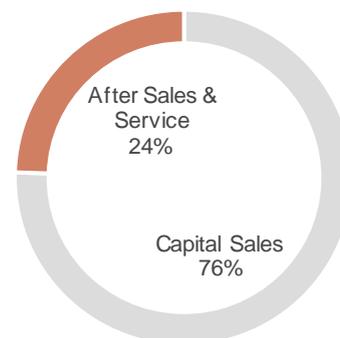
1) Change excluding currency effects.

Sales bridge

SEK millions/%	Q4	Jan-Dec
2022	7,407	20,691
Organic ¹⁾	-6.4%	5.2%
Structural ¹⁾	0.1%	12.0%
Currency	1.6%	5.0%
Total	-4.7%	22.2%
2023	7,060	25,280

1) Change excluding currency effects.

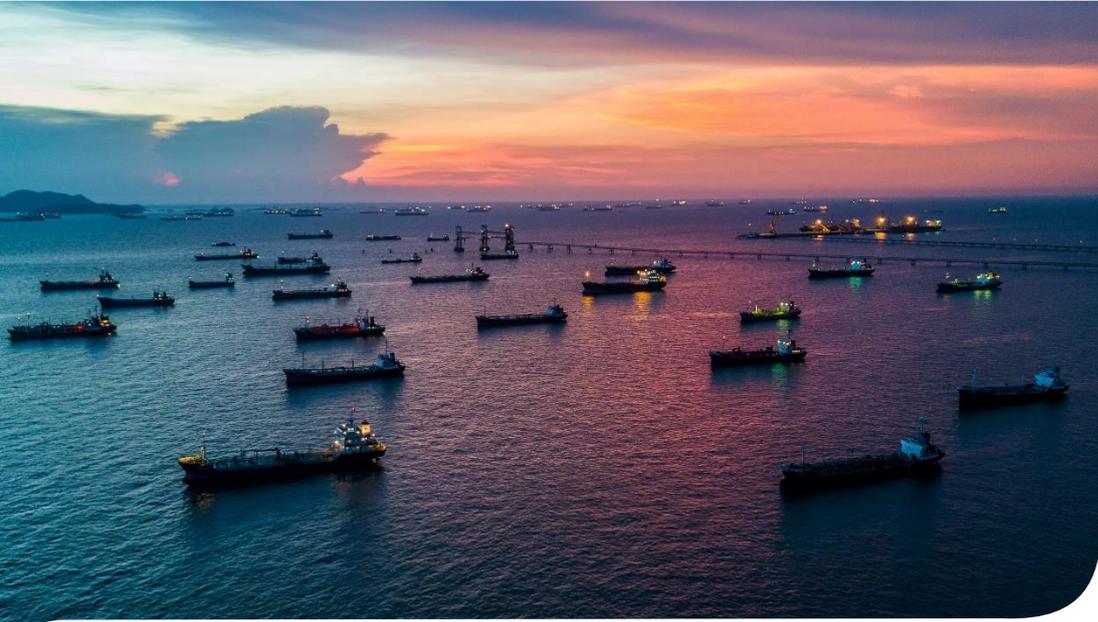
Order intake Jan-Dec 2023 split on:



Income bridge

SEK millions	Q4	Jan-Dec
Adjusted EBITA 2022	1,292	3,458
Volume ¹⁾	-166	1,097
Mix ¹⁾	-134	-261
Costs ¹⁾	8	-490
Currency	11	138
Adjusted EBITA 2023	1,011	3,942

1) Change excluding currency effects.



Marine Division

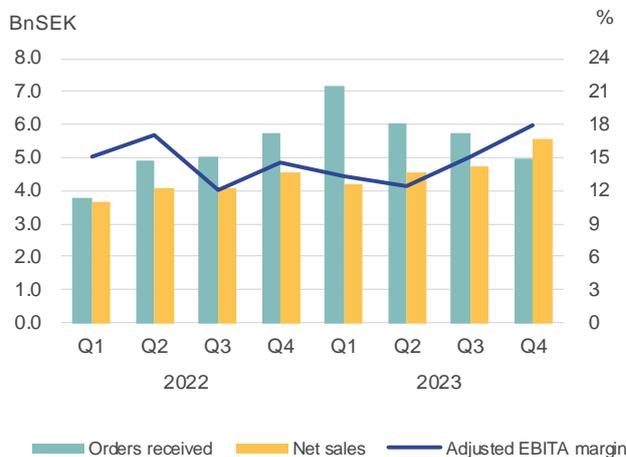
The division's customers include shipowners, shipyards, manufacturers of diesel and gas engines, as well as companies that work with offshore extraction of oil and gas. The offering includes pumping systems, boilers, heat transfer equipment, high speed separators digital solutions and several different environmental products, including systems to clean ballast water and exhaust gases.

- Order intake decreased by 13 percent to SEK 5.0 (5.7) billion, with an organic decrease of 12 percent.
- Net sales increased by 22 percent to SEK 5.6 (4.6) billion, with an organic growth of 23 percent.
- Adjusted EBITA of SEK 1,003 (664) million, corresponding to a margin of 18.0 percent.

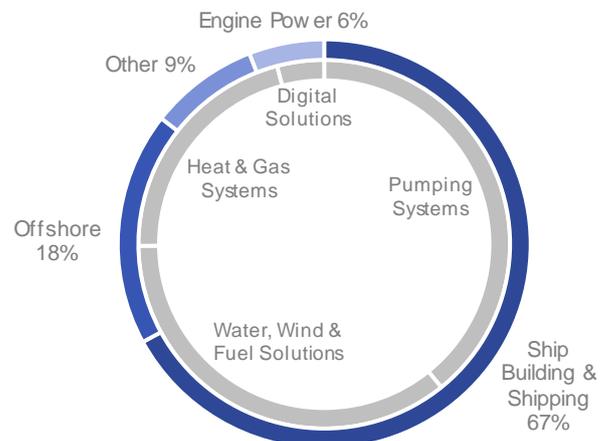
SEK millions	Q4		Jan-Dec	
	2023	2022	2023	2022
Orders received	4,972	5,747	23,960	19,442
Order backlog ¹⁾	19,273	14,122	19,273	14,122
Net sales	5,583	4,577	19,049	16,370
Operating income ²⁾	840	497	2,178	1,741
Adjusted EBITA ³⁾	1,003	664	2,836	2,399
Adjusted EBITA margin ⁴⁾	18.0%	14.5%	14.9%	14.7%
Depreciation	88	74	336	312
Amortisation	163	167	658	658
Investments ⁵⁾	132	93	336	235
Assets ¹⁾	29,856	30,932	29,856	30,932
Liabilities ¹⁾	7,998	7,241	7,998	7,241
Number of employees ¹⁾	5,655	5,465	5,655	5,465

1) At end of period. 2) Excluding comparison distortion items. 3) Alternative performance measure. 4) Adjusted EBITA/net sales. 5) Excluding new leases.

Quarterly development



Order intake Jan-Dec 2023 split per end market/business unit*



* Business Units Boilers and Gas Systems (within Environmental Products) have been merged into Heat & Gas Systems. The Business Unit Separation & Heat Transfer has been renamed to Water, Wind & Fuel Solutions and includes Ballast Water Treatment that previously was reported within Environmental Products.



Order intake*

Order intake for the Marine Division was lower compared to the same quarter last year. A continued high demand for digital solutions, marine pumping systems and service could not fully offset more normalized demand levels in offshore and ballast systems.

The underlying market sentiment related to the building of new vessels was on a higher level compared to the same period last year. New contracting has been driven primarily by tankers and vehicle carriers, supported by a fair level of contracting in the other ship segments. The increased shipbuilding activity has been further supplemented by a continued growing demand for sustainability related solutions which mitigate CO₂ emissions, including solutions around energy efficiency and low and zero carbon fuels. Demand for PureBallast has eased further as fewer vessels remain to be retrofitted before the approaching 2024 regulatory deadline and the market gets more oriented to new vessels. Multi-fuel capable solutions continue to gain traction. Order intake for offshore was at a significantly lower level compared to the same quarter last year as a number of projects have been deferred due to constrained supply chains after four quarters of very strong demand. The underlying market sentiment in this area however remained strong due to stable high oil prices and new projects to safeguard long term energy supply.

Order intake for service was at a stable high level compared to the same quarter last year. Volumes were driven by a good activity level in shipping and a growing environmental installed base. High freight rates in the tanker vessel segment and the need to keep vessel assets in good operational readiness resulted in increased on-board maintenance and higher demand for spare parts and service.

Net sales*

Net sales were at a higher level than the same quarter last year. Sales growth for service and for most product groups in capital sales, offset the lower sales for PureBallast.

Adjusted EBITA**

The increased net sales in the quarter had a positive volume effect. The product mix and the strong development of service sales positively influenced the net mix effect. The factory and engineering result was positive driven by a good factory load. The cost level was higher than last year due to a higher activity level. The currency effect was negative.

* Comments excluding currency effects.

** Comments relating to income bridge.

Order bridge

SEK millions/%	Q4	Jan-Dec
2022	5,747	19,442
Organic ¹⁾	-12.2%	19.9%
Structural ¹⁾	0.0%	1.6%
Currency	-1.3%	1.7%
Total	-13.5%	23.2%
2023	4,972	23,960

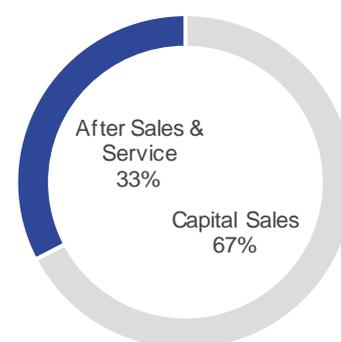
1) Change excluding currency effects.

Sales bridge

SEK millions/%	Q4	Jan-Dec
2022	4,577	16,370
Organic ¹⁾	22.6%	11.7%
Structural ¹⁾	0.1%	1.5%
Currency	-0.7%	3.2%
Total	22.0%	16.4%
2023	5,583	19,049

1) Change excluding currency effects.

Order intake Jan-Dec 2023 split on:



Income bridge

SEK millions	Q4	Jan-Dec
Adjusted EBITA 2022	664	2,399
Volume ¹⁾	354	774
Mix ¹⁾	55	-286
Costs ¹⁾	-40	-67
Currency	-30	16
Adjusted EBITA 2023	1,003	2,836

1) Change excluding currency effects.

Operations and Other

Operations and Other covers procurement and logistics as well as corporate overhead and non-core businesses.

SEK millions	Q4		Jan-Dec	
	2023	2022	2023	2022
Orders received	0	0	0	0
Order backlog ¹⁾	0	0	0	0
Net sales	0	0	0	0
Operating income ²⁾	-98	-151	-565	-507
Adjusted EBITA ³⁾	-97	-151	-561	-507
Depreciation	89	87	349	336
Amortisation	1	0	4	0
Investments ⁵⁾	236	472	640	723
Assets ¹⁾	1,986	1,983	1,986	1,983
Liabilities ¹⁾	885	1,097	885	1,097
Number of employees ¹⁾	1,481	1,326	1,481	1,326

1) At end of period. 2) Excluding comparison distortion items. 3) Alternative performance measure.

5) Excluding new leases.

Adjusted EBITA decreased in the full year 2023 compared to the corresponding period last year reflecting a higher activity level in turn driven by the high sales and order level.

Reconciliation between Divisions and Group total

SEK millions	Q4		Jan-Dec	
	2023	2022	2023	2022
Adjusted EBITA				
Total for divisions	2,817	2,551	10,203	8,277
Amortisation	-235	-266	-965	-943
Comparison distortion items	-	-440	-	-767
Consolidation adjustments *	13	-31	18	-48
Total operating income	2,595	1,814	9,256	6,519
Financial net	-341	-52	-606	-340
Result after financial items	2,254	1,762	8,650	6,179
Assets **				
Total for divisions	71,481	71,441	71,481	71,441
Corporate ***	10,807	9,808	10,807	9,808
Group total	82,288	81,249	82,288	81,249
Liabilities **				
Total for divisions	24,611	23,203	24,611	23,203
Corporate ***	20,299	22,342	20,299	22,342
Group total	44,910	45,545	44,910	45,545

* Difference between management accounts and IFRS. ** At the end of the period. *** Corporate refers to items in the statement on financial position that are interest bearing or are related to taxes.

Large orders (>EUR 5 million) in the fourth quarter

Division	Business Unit	Delivery date	Order amount	Total per Business Unit	
				Q4 2023	Q4 2022
Scope of supply		SEK millions			
Energy					
Energy Separation					
	Zero liquid discharge system to a recycling plant in the U.S.	2024	71	71	-
Gasketed Plate Heat Exchangers					
	Heat exchangers for a fertilizer plant in Australia.	2024	70	70	99
Food & Water					
Food Systems					
	Equipment for a juice mixing plant in Denmark.	2025	324		
	Equipment for edible oil processing plant in Mexico.	2025	120		
	Refining equipment for palm oil plant in Nigeria.	2024	61	505	306
Desmet					
	Equipment for an oleochemical plant in Indonesia.	2024	237		
	Equipment for an oleochemical plant in Indonesia.	2024	244		
	Equipment for an oleochemical plant in Indonesia.	2024	74		
	Equipment for a rapeseed preparation and extraction plant in Lithuania.	2025	176		
	Refining equipment for a tropical oil refinery in Guatemala.	2025	113		
	Equipment for a vegetable oil refinery in the Netherlands.	2025	251	1,095	350
Marine					
Pumping Systems					
	Suction pump system for an offshore wind farm in Taiwan.	2025	277	277	728
Total				2,018	1,483

Information about products and services

Net sales by product/service *

SEK millions	Q4		Jan-Dec	
	2023	2022	2023	2022
Own products within:				
Separation	3,046	2,703	10,312	8,304
Heat transfer	6,717	6,003	25,311	20,149
Fluid handling	3,830	3,200	13,024	11,584
Marine environmental	917	976	3,596	3,995
Other	0	0	0	0
Associated products	2,101	2,531	7,083	4,567
Services	1,228	1,071	4,272	3,536
Total	17,839	16,484	63,598	52,135

* The split of own products within separation, heat transfer and fluid handling is a reflection of the current three main technologies. Marine environmental is a growing new product area basically outside the main technologies. Other is own products outside these four product areas. Associated products are mainly purchased products that compliment Alfa Laval's product offering. Services cover all sorts of service and service agreements excluding spare parts.

Sustainability

At Alfa Laval, we are committed to progress towards a more efficient, less wasteful world for our customers and society as whole. We support the sustainable transformation and drive efficiency and behavioural change. We believe actions speak louder than words, so with every step we act to reach the challenging targets we have set. To make the change happen we collaborate closely with our partners and together we enable technologies that create sustainable future alternatives. We pioneer innovative solutions that play a key role in optimizing and transforming critical industrial processes and enable our customers to unlock the true potential of resources - bringing the goal of a truly sustainable world closer.

Case studies

Scrap reduction at San Bonifacio

At Alfa Laval's San Bonifacio site in Italy, a scrap reduction project for small brazed heat exchangers significantly cut raw material use, while boosting energy efficiency. Targeting a 20 percent reduction in scrapping and costs, the project also aimed at lessening waste and improving the manufacturing process. The use of stainless steel and copper in these processes also significantly contributes to Scope 3 CO₂ emissions, making material reduction crucial. The outcome of this initiative exceeded the initial goals. Scrapping was reduced by 30 percent and re-brazing by 54 percent, resulting in 71 MWh yearly energy savings and a 0.35 tonnes CO_{2e} reduction in emissions.

Focusing on employee safety

The factory in Petropolis, Brazil, had an injury rate of 4-5 incidents each year in which employees were injured and unable to work. This highlighted the need for improved safety and an initiative was launched which included overhauling safety policies and adopting proactive strategies. The workforce's commitment was strengthened through intensive communication, participation in focus groups, and impactful actions such as videos with family members emphasizing safety. Significant investments in the safety infrastructure showed employees that their wellbeing was paramount. By 2023, these measures resulted in only one incident of serious injury in which an employee required time off from the factory, an increase in hazard reporting and a noticeable shift in safety behaviour. Employees were more proactive in identifying and addressing safety risks, demonstrating greater engagement with the safety improvements.

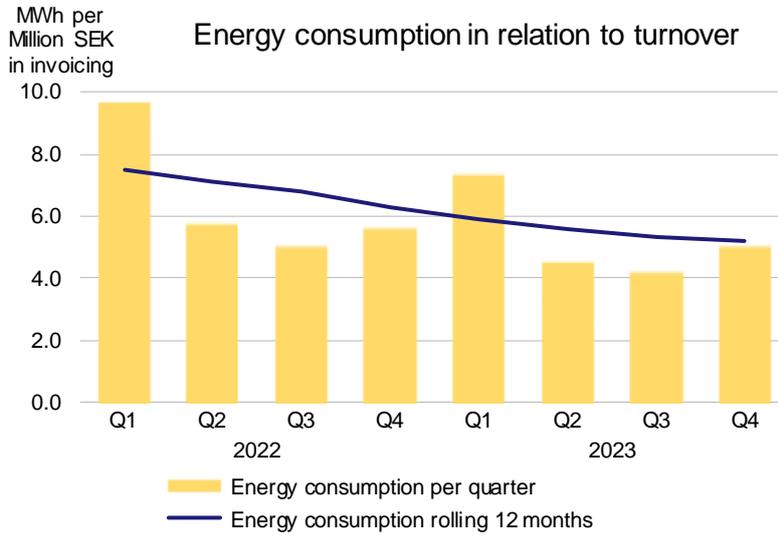
Reducing emissions from service cars

In our Nordic sales company, we started the year by introducing our first electric service car. The car will be used by our field service engineers when executing service at our customers' sites in Denmark and is a first step into electrification of our operational/service car fleet. This is one of the many actions taken to accelerate the transition to a more sustainable future.

Quarterly follow up

Alfa Laval's sustainability targets aim to drive efficiency and behavioural change to achieve better results in the short and long term. For the quarterly reports, Alfa Laval has chosen to highlight the development in the areas of energy consumption, CO₂ emissions and injuries.

Energy

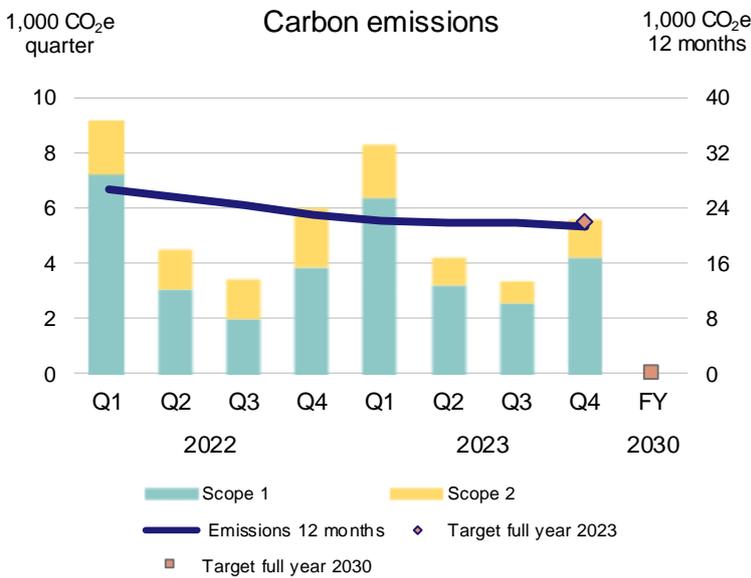


Energy consumption is followed up in relation to the turnover in order not to be distorted by a growing business.

We continue to see a positive trend in our energy efficiency in the fourth quarter 2023 compared to the corresponding period last year. We see a slight increase in total energy consumed which can be explained by higher sales volumes in the quarter. Our continuous work in controlling and managing our consumption in our Energy Management system, ALEM, have again shown results and improved our efficiency. Increased focus and awareness on energy efficiency in general led also to many minor savings in daily work globally.

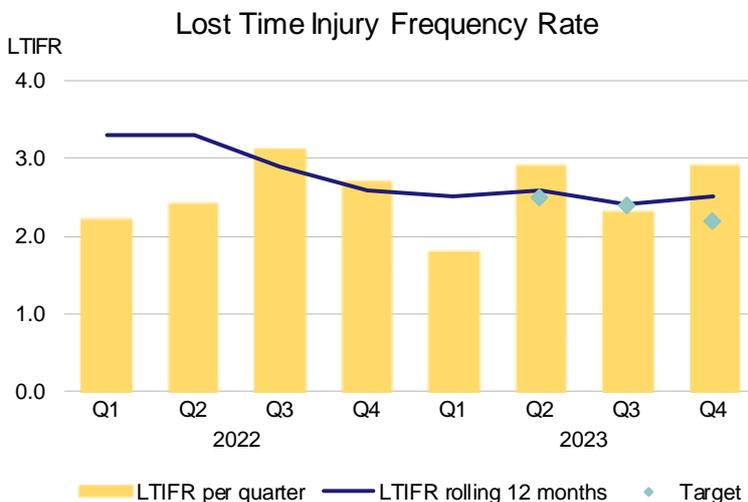
An important side note is that exchange rate fluctuations and inflation-driven price increases can impact the sales figure. What is important is to establish a trend and drive improvement initiatives.

Carbon emissions



We can conclude that the fourth quarter 2023 was well aligned with the targets we set out in 2020. We see a significant decrease in Scope 2 emissions due to the organization's work to buy renewable electricity and we also see a decrease in our Scope 1 emissions where we have reduced our energy consumption by 10 percent during the last year. Working on initiatives to further reduce the consumption of natural gas will be a priority in 2024.

Health and safety



The number of accidents increased in the fourth quarter compared to the previous quarter from 21 (revised from 23) to 27. Slip, trip and falls and use of handheld tools such as hammers stands for approximately 70 percent of all LTIs in the quarter, mainly resulting in accidents in the lower severity category. One accident in the quarter was however more severe. An employee visiting a customer site slipped and fell into a hot water pond and got burns.

LTIFR = $\frac{\text{Number of lost time injuries in time period} * 1,000,000}{\text{Exposed/Worked hours in time period}}$

New products during the fourth quarter

During the fourth quarter Alfa Laval has introduced among others the following new products that help our customers to become more energy efficient, reduce their carbon footprint and improve their processes:

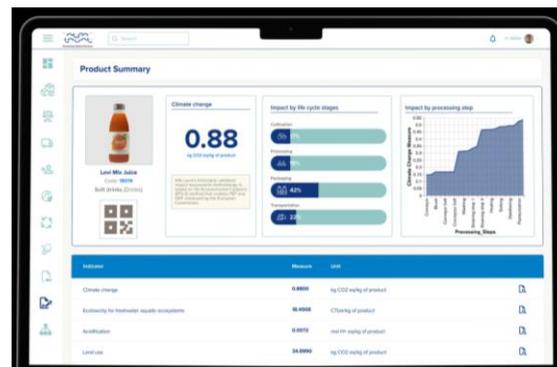
Alfa Laval Hygienic Line HL12

Alfa Laval HL12 gasketed plate heat exchanger is predominantly used in large breweries and dairies. The HL12 heat exchanger excels in terms of cleanability and durability due to its optimal flow distribution. Additionally, its unique plate pattern sets a new standard for hygiene while boosting efficiency in both heating and cooling processes. This enables significant savings in energy, water and chemicals.



Alfa Laval Life-cycle Assessment Solution

Based on the strategic importance of sustainability, Alfa Laval has launched the Life-cycle Assessment Solution, an innovative software service. The Alfa Laval Life-cycle Assessment Solution is a subscription-based software service that calculates, analyses and validates the environmental impact of food and beverage products from farm to retail. It offers full supply-chain transparency and makes it easy to communicate the environmental impact of food products. The solution is unique since it is tailored to the requirements of food and beverage manufacturers and comes backed by more than 140 years of food processing experience from Alfa Laval.

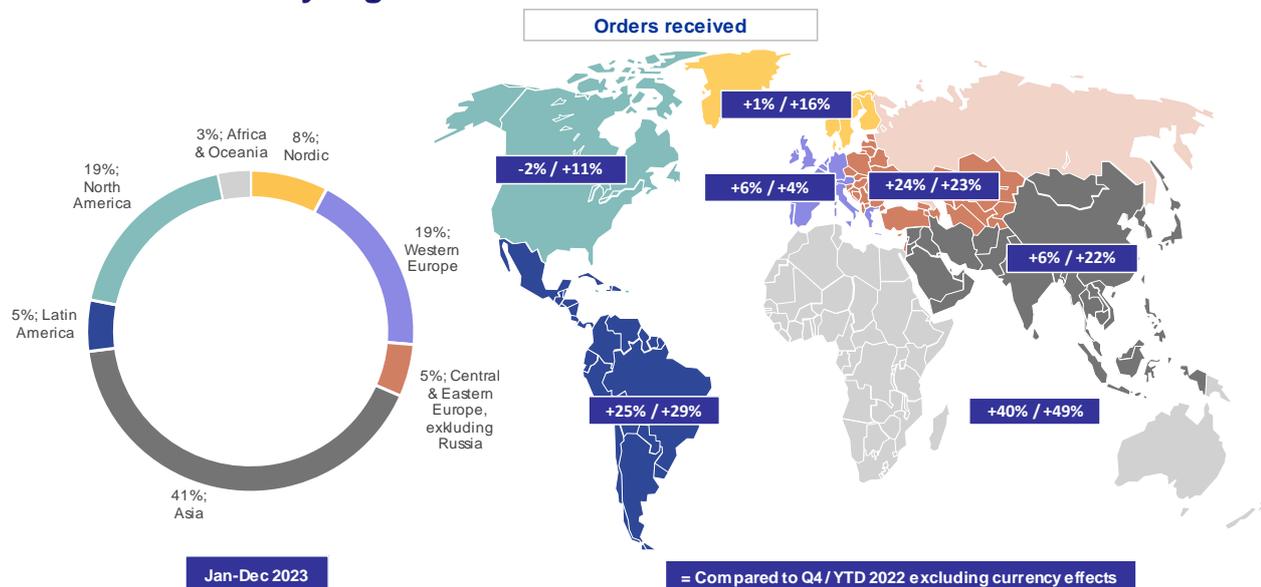


Alfa Laval Filter (ALF)

The Alfa Laval Filter (ALF) can help businesses reduce energy consumption and CO₂ emissions. The ALF is an automatic self-cleaning filter that is designed to maintain the thermal performance of plate heat exchangers and tubular condensers. Additionally, with the ALF the risk of unplanned downtime will decrease and service intervals of downstream equipment will be prolonged. The ALF can be used in various industries where cooling systems use low-quality water. The filter removes undesirable particles, marine life and debris, whilst protecting the plate heat exchanger from clogging, fouling and corrosion.



Information by region



Western Europe including Nordic

The region reported a growing order intake compared to the same quarter last year. Energy grew in power and process industry and Food & Water grew in prepared foods and oils & fats. Marine reported a strong underlying demand in shipping. Service reported strong growth in Energy and Food & Water.

Central and Eastern Europe

The order intake in the region grew with double-digits compared to the same quarter last year and the effects of the war in Russia and Ukraine has petered out. Energy grew in HVAC & refrigeration and refinery. Food & Water reported a solid growth in oils & fats and in protein. Marine noted a weaker demand in shipbuilding and shipping. Excluding Russia and Ukraine, service reported growth in all three divisions.

North America

The region reported a decline in order intake compared to the same quarter last year. Energy reported growth driven by oil & gas and HVAC & refrigeration. Food & Water declined driven by brewery and oils & fats. Marine reported strong demand in shipbuilding and shipping. Service grew in Energy and Food & Water.

Latin America

The order intake in the region grew with double-digits compared to the same quarter last year. Energy reported a strong underlying demand in oil & gas. Food & Water noted a strong growth in oils & fats and ethanol and dairy. Marine reported growth driven by oil & gas. Service grew in Energy and Marine.

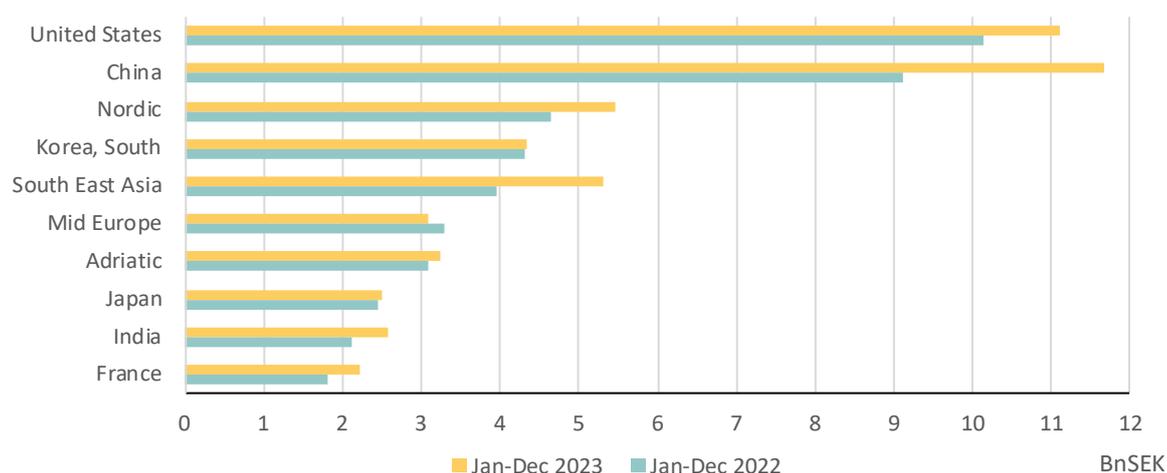
Asia

The region reported growth in order intake compared to last year. Energy reported growth in oil & gas and power. Food & Water noted strong growth in oils & fats and brewery. Marine reported a strong underlying demand in shipbuilding. Service grew in all three divisions.

Africa and Oceania

The order intake in the region increased with double digits compared to the same quarter last year. Energy reported strong growth in process industry. Food & Water had strong growth in oils & fats and protein. Marine reported growth in offshore. Service reported growth in Food & Water and Marine.

Order intake for the 10 largest markets



Net sales

SEK millions	Q4		Jan-Dec	
	2023	2022	2023	2022
To customers in:				
Sweden	363	355	1,411	1,206
Other EU	4,129	4,062	15,591	12,889
Other Europe	1,364	1,460	5,076	4,812
USA	2,710	2,729	10,613	8,784
Other North America	424	308	1,327	1,081
Latin America	1,025	693	3,578	2,388
Africa	338	354	1,187	778
China	2,656	2,015	8,943	7,153
South Korea	1,161	1,245	3,527	3,801
Other Asia	3,445	3,044	11,558	8,559
Oceania	224	219	787	684
Total	17,839	16,484	63,598	52,135

Net sales are reported by country on the basis of invoicing address, which is normally the same as the delivery address.

Non-current assets

SEK millions	Dec 31	
	2023	2022
Sweden	3,509	2,942
Denmark	5,354	5,348
Other EU	9,219	8,829
Norway	13,689	15,393
Other Europe	391	416
USA	3,961	4,236
Other North America	154	158
Latin America	352	379
Africa	7	9
Asia	4,808	4,394
Oceania	114	118
Subtotal	41,558	42,222
Other long-term securities	542	475
Pension assets	239	201
Deferred tax asset	1,720	1,895
Total	44,059	44,793

Information about major customers

Alfa Laval does not have any customer that accounts for 10 percent or more of net sales. Tetra Pak within the Tetra Laval Group is Alfa Laval's single largest customer with a volume representing 5.4 (4.0) percent of net sales.

Consolidated cash flows

SEK millions	Q4		Jan-Dec	
	2023	2022	2023	2022
Operating activities				
Operating income	2,595	1,814	9,256	6,519
Adjustment for depreciation and amortisation	676	582	2,524	2,392
Adjustment for other non-cash items	-451	150	-419	105
	2,820	2,546	11,361	9,016
Taxes paid	-292	-394	-1,933	-1,834
	2,528	2,152	9,428	7,182
Changes in working capital:				
Increase(-)/decrease(+) of receivables	1,120	-862	-1,319	-2,155
Increase(-)/decrease(+) of inventories	999	138	-652	-3,140
Increase(+)/decrease(-) of liabilities	-317	406	2,373	2,058
Increase(+)/decrease(-) of provisions	-439	-172	-661	-654
Increase(-)/decrease(+) in working capital	1,363	-490	-259	-3,891
	3,891	1,662	9,169	3,291
Investing activities				
Investments in fixed assets (Capex)	-924	-913	-2,440	-1,853
Divestment of fixed assets	76	4	90	20
Acquisition of businesses	-5	-13	-337	-3,685
	-853	-922	-2,687	-5,518
Financing activities				
Received interests and dividends	60	42	168	99
Paid interests	-131	-41	-489	-290
Realised financial exchange gains	2	-2	52	68
Realised financial exchange losses	-345	-79	-536	-147
Repurchase of shares	-	-	-	-661
Dividends to owners of the parent	-	-	-2,480	-2,480
Dividends to non-controlling interests	-	-12	-18	-12
Increase(-) of financial assets	-498	-93	-555	-457
Decrease(+) of financial assets	-26	10	11	1,002
Increase of loans	-9	799	2,400	12,546
Amortisation of loans	-1,596	-899	-4,096	-6,575
	-2,543	-275	-5,543	3,093
Cash flow for the period	495	465	939	866
Cash and cash equivalents at the beginning of the period	4,793	3,932	4,352	3,356
Translation difference in cash and cash equivalents	-153	-45	-156	130
Cash and cash equivalents at the end of the period	5,135	4,352	5,135	4,352
Free cash flow per share (SEK) *	7.36	1.82	16.50	3.52
Capex in relation to net sales	5.2%	5.5%	3.8%	3.6%
Average number of shares**	413,326,315	413,326,315	413,326,315	413,637,227

* Free cash flow is an alternative performance measure. It is the sum of cash flows from operating activities, investments and divestments of fixed assets.

** Average number of shares has been impacted by repurchase of shares.

Consolidated comprehensive income

SEK millions	Q4		Jan-Dec	
	2023	2022	2023	2022
Net sales	17,839	16,484	63,598	52,135
Cost of goods sold	-12,197	-11,307	-42,714	-34,489
Gross profit	5,642	5,177	20,884	17,646
Sales costs	-1,684	-1,553	-6,342	-5,634
Administration costs	-757	-591	-2,880	-2,305
Research and development costs	-413	-386	-1,563	-1,356
Other operating income	304	261	932	772
Other operating costs	-502	-1,118	-1,827	-2,652
Share of result in joint ventures	5	24	52	48
Operating income	2,595	1,814	9,256	6,519
Dividends and other financial income and costs	6	2	13	5
Interest income and financial exchange rate gains	151	53	448	267
Interest expense and financial exchange rate losses	-498	-107	-1,067	-612
Result after financial items	2,254	1,762	8,650	6,179
Taxes	-684	-502	-2,269	-1,610
Net income for the period	1,570	1,260	6,381	4,569
Other comprehensive income:				
Items that will subsequently be reclassified to net income				
Cash flow hedges	602	891	54	-346
Translation difference	-1,656	-553	-2,040	1,872
Deferred tax on other comprehensive income	-233	-134	-31	211
Sum	-1,287	204	-2,017	1,737
Items that will subsequently not be reclassified to net income				
Revaluations of defined benefit obligations	-183	149	-125	329
Market valuation of external shares	-2	1	-2	-13
Deferred tax on other comprehensive income	41	-34	23	-109
Sum	-144	116	-104	207
Comprehensive income for the period	139	1,580	4,260	6,513
Net income attributable to:				
Owners of the parent	1,554	1,239	6,330	4,503
Non-controlling interests	16	21	51	66
Earnings per share (SEK)	3.77	3.00	15.31	10.89
Average number of shares*	413,326,315	413,326,315	413,326,315	413,637,227
Comprehensive income attributable to:				
Owners of the parent	140	1,572	4,224	6,427
Non-controlling interests	-1	8	36	86

* Average number of shares has been impacted by repurchase of shares.

Consolidated financial position

SEK millions	Dec 31	
	2023	2022
ASSETS		
Non-current assets		
Intangible assets	29,622	31,417
Property, plant and equipment	11,769	10,710
Other non-current assets	2,668	2,666
	44,059	44,793
Current assets		
Inventories	14,950	14,775
Assets held for sale	59	100
Accounts receivable	10,282	9,717
Other receivables	6,761	6,596
Derivative assets	314	605
Other current deposits	728	311
Cash and cash equivalents *	5,135	4,352
	38,229	36,456
TOTAL ASSETS	82,288	81,249
SHAREHOLDERS' EQUITY AND LIABILITIES		
Equity		
Owners of the parent	37,033	35,382
Non-controlling interests	345	322
	37,378	35,704
Non-current liabilities		
Liabilities to credit institutions etc.	9,829	13,362
Lease liabilities	1,473	1,549
Provisions for pensions and similar commitments	1,090	1,192
Provision for deferred tax	2,372	2,293
Other non-current liabilities	390	590
	15,154	18,986
Current liabilities		
Liabilities to credit institutions etc.	3,444	1,700
Accounts payable	5,205	5,314
Advances from customers	7,975	6,634
Other provisions	1,757	2,164
Other liabilities	10,849	10,054
Derivative liabilities	526	693
	29,756	26,559
Total liabilities	44,910	45,545
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	82,288	81,249

* The item cash and cash equivalents is mainly relating to bank deposits and liquid deposits.

Financial assets and liabilities at fair value

SEK millions	Valuation hierarchy level	Dec 31	
		2023	2022
Financial assets			
Other non-current securities	1 and 2	280	270
Bonds and other securities	1	132	114
Derivative assets	2	481	700
Financial liabilities			
Derivative liabilities	2	579	833
Liability for seller's earn-out possibility	3	117	-

Valuation hierarchy level 1 is according to quoted prices in active markets for identical assets and liabilities.

Valuation hierarchy level 2 is out of directly or indirectly observable market data outside level 1.

Valuation hierarchy level 3 is out of unobservable market data.

Borrowings and net debt

SEK millions	Dec 31	
	2023	2022
Credit institutions	145	829
Swedish Export Credit	2,207	2,227
Handelsbanken	-	1,114
Commercial papers	-	892
Corporate bonds	10,921	10,000
Borrowings	13,273	15,062
Cash and cash equivalents and current deposits	-5,863	-4,663
Net debt excluding lease liabilities*	7,410	10,399
Lease liabilities	2,601	2,671
Net debt including lease liabilities*	10,011	13,070

* Alternative performance measure.

Alfa Laval has a revolving credit facility of EUR 700 million corresponding to SEK 7,736 million on December 31, 2023 with a banking syndicate. The facility has a maturity of five years from April 2023 and includes a possibility to increase it by EUR 200 million. At December 31, 2023 the facility was not utilised.

Alfa Laval has two loans of EUR 100 million from Svensk Exportkredit that matures in 2027 and 2028 respectively. The loan of EUR 100 million from Svenska Handelsbanken that matured in June 2024, was repaid already on December 22, 2023.

The commercial paper programme of SEK 4,000 million, was not utilised at December 31, 2023.

On December 31, 2023, Alfa Laval has four tranches of corporate bonds listed on the Irish stock exchange. Three of them of EUR 300 million each that matures in June 2024, in February 2026 and in February 2029 respectively, whereas the fourth of SEK 1,000 million was raised in May 2023 and matures in November 2025.

Changes in consolidated equity

SEK millions	Jan-Dec	
	2023	2022
At the beginning of the period	35,704	32,344
Changes attributable to:		
Owners of the parent		
Comprehensive income		
Comprehensive income for the period	4,224	6,427
Transactions with shareholders		
Repurchase of shares	-	-661
Cancellation of repurchased shares	-1	-15
Bonus issue of shares	1	15
Increase of ownership in subsidiaries with non-controlling interests	-93	-
Dividends	-2,480	-2,480
	-2,573	-3,141
Subtotal	1,651	3,286
Non-controlling interests		
Comprehensive income		
Comprehensive income for the period	36	86
Transactions with shareholders		
Decrease of non-controlling interests	-27	-
Non-controlling interests in acquired companies	32	0
Dividends	-18	-12
	-13	-12
Subtotal	23	74
At the end of the period	37,378	35,704

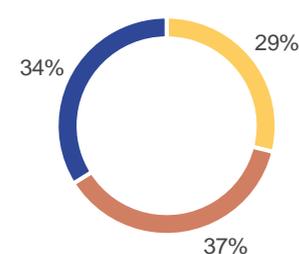
Condensed segment reporting per quarter



Orders received

SEK millions	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Energy	4,662	4,902	5,413	5,437	4,407	4,583	4,496	3,808
Food & Water	7,286	6,365	6,941	5,776	5,613	5,611	5,033	5,652
Marine	4,972	5,765	6,051	7,172	5,747	5,008	4,892	3,795
Operations & Other	0	0	0	0	0	0	0	0
Total	16,920	17,032	18,405	18,385	15,767	15,202	14,421	13,255

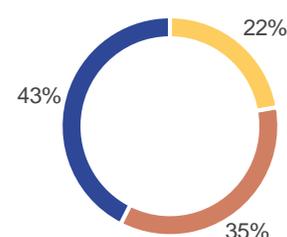
Jan-Dec 2023



Order backlog

SEK millions	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Energy	10,075	10,676	10,716	10,149	8,517	8,582	7,625	6,669
Food & Water	15,977	15,806	15,454	14,779	14,381	16,158	10,169	9,146
Marine	19,273	19,935	18,807	17,247	14,122	12,870	11,712	10,829
Operations & Other	0	0	0	0	0	0	0	0
Total	45,325	46,417	44,977	42,175	37,020	37,610	29,506	26,644

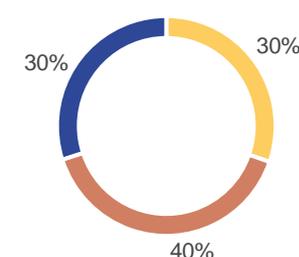
December 31, 2023



Net sales

SEK millions	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Energy	5,196	4,967	4,910	4,196	4,500	3,726	3,639	3,209
Food & Water	7,060	6,086	6,412	5,722	7,407	5,402	4,140	3,742
Marine	5,583	4,715	4,558	4,193	4,577	4,056	4,073	3,664
Operations & Other	0	0	0	0	0	0	0	0
Total	17,839	15,768	15,880	14,111	16,484	13,184	11,852	10,615

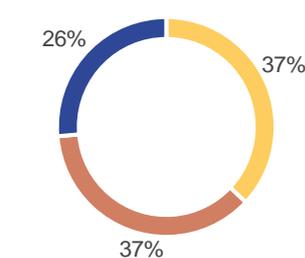
Jan-Dec 2023



Adjusted EBITA*

SEK millions	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Energy	900	1,075	974	1,037	746	735	708	738
Food & Water	1,011	942	962	1,027	1,292	833	684	649
Marine	1,003	712	565	556	664	490	692	553
Operations & Other	-97	-118	-132	-214	-151	-113	-121	-122
Total	2,817	2,611	2,369	2,406	2,551	1,945	1,963	1,818

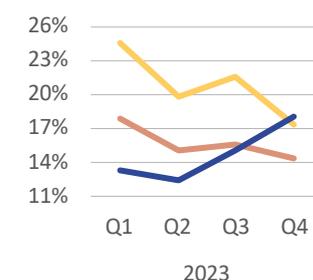
Jan-Dec 2023



Adjusted EBITA margin*

%	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Energy	17.3	21.6	19.8	24.7	16.6	19.7	19.5	23.0
Food & Water	14.3	15.5	15.0	17.9	17.4	15.4	16.5	17.3
Marine	18.0	15.1	12.4	13.3	14.5	12.1	17.0	15.1
Total	15.8	16.6	14.9	17.1	15.5	14.8	16.6	17.1

Per quarter



* In management accounts, see reconciliation on page 12.

Parent company

The parent company's result after financial items for the full year 2023 was SEK 4,271 (95) million, out of which dividends from subsidiaries SEK 4,037 (62) million, net interests SEK 252 (44) million, realised and unrealised exchange rate gains and losses SEK -1 (2) million, costs related to the listing SEK -4 (-4) million, fees to the Board SEK -9 (-9) million, cost for annual report and annual general meeting SEK -1 (-1) million and other operating income and operating costs the remaining SEK -3 (1) million.

Parent company income *

SEK millions	Q4		Jan-Dec	
	2023	2022	2023	2022
Administration costs	-2	-3	-14	-14
Other operating income	-9	-5	1	2
Other operating costs	-3	1	-4	-1
Operating income	-14	-7	-17	-13
Revenues from interests in group companies	-	-	4,037	62
Interest income and similar result items	82	44	252	46
Interest expenses and similar result items	-1	0	-1	0
Result after financial items	67	37	4,271	95
Change of tax allocation reserve	-48	578	-48	578
Group contributions	1,314	509	1,314	509
Result before tax	1,333	1,124	5,537	1,182
Tax on this year's result	-237	-242	-271	-241
Net income for the period	1,096	882	5,266	941

* The statement over parent company income also constitutes its statement over comprehensive income.

Parent company financial position

SEK millions	Dec 31	
	2023	2022
ASSETS		
Non-current assets		
Shares in group companies	4,669	4,669
Current assets		
Receivables on group companies	9,266	6,402
Other receivables	116	141
Cash and cash equivalents	3	0
	9,385	6,543
TOTAL ASSETS	14,054	11,212
SHAREHOLDERS' EQUITY AND LIABILITIES		
Equity		
Restricted equity	2,387	2,387
Unrestricted equity	9,293	6,507
	11,680	8,894
Untaxed reserves		
Tax allocation reserves, taxation 2018-2024	2,341	2,293
Current liabilities		
Liabilities to group companies	30	22
Accounts payable	0	1
Other liabilities	3	2
	33	25
TOTAL EQUITY AND LIABILITIES	14,054	11,212

Owners and shares

Owners and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 54,178 (54,346) shareholders on December 31, 2023. The largest owner is Winder Holding AG, Switzerland (formerly Tetra Laval International SA, Switzerland), who owns 29.5 (29.5) percent. Next to the largest owner, there are nine institutional investors with ownership in the range of 7.4 to 1.7 percent. These ten largest shareholders owned 61.3 (63.0) percent of the shares.

Proposed disposition of earnings

The parent company has unrestricted funds of SEK 9,293 (6,507) million.

The Board of Directors propose a dividend of SEK 7.50 (6.00) per share corresponding to SEK 3,100 (2,480) million to the Annual General Meeting and that the remaining income available for distribution in Alfa Laval AB (publ) of SEK 6,193 (4,027) million be carried forward.

The Board of Directors are of the opinion that the proposed dividend is consistent with the requirements that the type and size of operations, the associated risks, the capital needs, liquidity and financial position put on the company.

Cancellation of repurchased shares and a corresponding bonus issue

On March 21, 2023 when the notice to the Annual General Meeting was sent the number of repurchased shares was 550,508. The Annual General Meeting 2023 decided to cancel these repurchased shares. Cancellation of the shares means that the share capital will decrease with SEK 1 million. At the same time the Annual General Meeting decided to increase the share capital through a bonus issue of the same amount without issuing any new shares. In this way the size of the share capital was restored and the company did not have to obtain permission from Bolagsverket or if disputed the local court to cancel the repurchased shares. This means that the number of shares has developed as follows:

Specification of number of shares

	Number
Number of shares at January 1, 2023	413,876,823
Cancellation of re-purchased shares at May 15, 2023	<u>-550,508</u>
Number of shares at December 31, 2023	<u>413,326,315</u>

Annual General Meeting 2024

The Annual General Meeting of Alfa Laval AB will be held at Stadshallen at Stortorget in Lund, Sweden on Thursday April 25, 2024, at 16.00 (CET).

Acquisitions of businesses

In 2021, Alfa Laval acquired a minority stake of 16.5 percent in the Netherland-based company Marine Performance Systems (MPS) with an option to acquire the remaining part later. Now Alfa Laval has executed that option and completed the acquisition to own 100 percent of MPS. The closing date for the acquisition was March 21, 2023. MPS' innovative technology significantly reduces the friction from vessels when sailing, resulting in fuel savings. Friction between the hull and the water when sailing is the most significant driver of a vessel's fuel consumption, and the cost of fuel represents up to 60 percent of a vessel's operating costs. Fuel consumption has a direct impact on greenhouse gas emissions, as reducing 1 ton of fossil fuel consumption equals the reduction of approximately 3 tonnes of CO₂ emissions. Marine Performance Systems' air lubrication technology generates micro bubbles under a ship's hull, reducing friction between the vessel and the water by 50-70 percent and enabling substantial fuel cost savings and improvement in overall ship efficiency, during normal service speed. The technology was first tested on a sea-going vessel in 2020 and the fuel savings have been confirmed by the shipowner based on several months of operation. The patented solution can be installed on vessels of any size or fuel type at point of building or retrofitted on already operating vessels. Since the acquisition Alfa Laval has launched the Alfa Laval OceanGlide product that creates an even layer of micro air bubbles across the vessel's flat bottom area, which reduces drag by up to 75 percent. That translates into fuel savings of up to 12 percent. Since Alfa Laval OceanGlide needs few compressors and no large hull penetrations it can be easily installed.

On March 2, 2023, Alfa Laval acquired an additional 38.7 percent of StormGeo's subsidiary Climatempo in Brazil from the minority owners. Alfa Laval's ownership thereby

increased from 51 percent to 89.7 percent . The transaction is reported as a change within the equity.

On July 31, 2023 Alfa Laval acquired 100 percent of a European service provider. The company will operate under its own name as an independent channel.

On July 31, 2023 Alfa Laval acquired 51 percent of the Danish company Header-coil Company A/S that develops and manufactures heat exchangers and steam generation system equipment components based on its header-coil design for the concentrated solar power (CSP) industry, thermal energy storage etc.

The acquisitions during 2023 are summarized in the following table. The larger acquisitions of MPS and the European service provider are shown separately, whereas the acquisitions of the other companies are shown on a single line as other minor acquisitions. All acquired assets and liabilities were reported according to IFRS at the time of the acquisitions.

Acquisitions 2023	MPS			European service provider			Total
	Book value	Adjustment		Book value	Adjustment		Fair value
		to fair value	Fair value		to fair value	Fair value	
SEK millions							
Property, plant and equipment	1	-	1	44	-	44	45
Patents and unpatented know-how ¹⁾	0	211	211	18	46	64	275
Trademarks ¹⁾	-	-	-	-	9	9	9
Inventory	4	-	4	14	-	14	18
Accounts receivable	1	-	1	-	-	-	1
Other receivables	37	-	37	15	-	15	52
Liquid assets	-	-	-	40	-	40	40
Accounts payable	-11	-	-11	-	-	-	-11
Advance payments	-14	-	-14	-	-	-	-14
Other liabilities	-7	-	-7	-17	-	-17	-24
Deferred tax	-	-55	-55	-	-15	-15	-70
Acquired net assets	11	156	167	114	40	154	321
Goodwill ²⁾			0			45	45
Equity attributable to owners of parent			26			-	26
Purchase price			-141			-199	-340
Costs directly linked to the acquisitions ³⁾			0			-4	-4
Retained part of purchase price ⁴⁾			117			-	117
Liquid assets in the acquired businesses			0			40	40
Other minor acquisitions current year							-167
Payment of amounts retained in prior years							17
Effect on the Group's liquid assets			-24			-163	-337

- 1) The step up values for patents and un-patented know-how as well as trademarks are amortised over 10 years. The purchase price allocation is still preliminary so the allocated step up values may be subject to change.
- 2) The goodwill is relating to estimated synergies in procurement, logistics and corporate overheads and the companies' ability to over time recreate its intangible assets. The purchase price allocation is still preliminary so the value of the goodwill may be subject to change.
- 3) Refers to fees to lawyers, due diligence and assisting counsel. Has been expensed as other operating costs.
- 4) Contingent on certain warranties in the contract not being triggered or that certain profitability goals are fulfilled. The probable outcome has been calculated.

Risks and other

Material factors of risk and uncertainty

The main factors of risk and uncertainty facing the Group concern the business cycle, the consequences of Russia's war on Ukraine and other geo-political tensions, the price development of metals, inflationary pressures, the interest rate development and volatile fluctuations in major currencies. It is the company's opinion that the description of risks made in the Annual Report for 2022 is still correct.

Russia's war on Ukraine

Alfa Laval had a factory and a sales company in Russia and a sales company in Ukraine. Historically the order intake from the markets in Russia and Ukraine has been approximately SEK 1 billion per year, equivalent to 2 percent of the total order intake for the company. When the war started on February 24, 2022, the total order backlog in Russia and Ukraine amounted to approximately SEK 750 million. In addition, Alfa Laval companies in other countries had orders from Russian end customers of SEK 360 million. Since then, the order backlog has been re-assessed and as a result orders of SEK 973 million have been removed from the order backlog. This is mainly due to sanctions, but also when Alfa Laval has assessed that the company will not be able to deliver or get paid. Also orders where Alfa Laval supplies equipment to ship yards in other countries building ships for ship owners under sanctions have been removed from the order backlog.

In the interim reports and the annual report for 2022 a detailed description was made of how Alfa Laval has calculated and provided for the company's costs for cancelled orders, late delivery fees, accounts receivable that we do not believe we will get paid for, foreign exchange losses and advance payments to suppliers in Russia and Ukraine where we do not expect any delivery or the advance being repaid to us.

Before the war, Alfa Laval had a competent team of approximately 230 employees in Russia and 10 employees in Ukraine. At December 31, 2023 the number of employees in Russia had decreased further down to 6. Alfa Laval's assessment is that the longer-term implications of the war on the Russian market are of such a magnitude that the company in the fourth quarter 2022 provided for a closure of the operations. The total cost for these provisions amounted to SEK 400 million and was reported as a comparison distortion item in the first quarter 2022 with SEK 327 million and in the fourth quarter 2022 with an additional SEK 73 million.

Asbestos-related lawsuits

The Alfa Laval Group was as of December 31, 2023 named as a co-defendant in a total of 427 asbestos-related lawsuits with a total of approximately 427 plaintiffs. Alfa Laval strongly believes the claims against the Group are without merit and intends to vigorously contest each lawsuit.

Based on current information and Alfa Laval's understanding of these lawsuits, Alfa Laval continues to believe that these lawsuits will not have a material adverse effect on the Group's financial condition or results of operation.

Restructuring program

A restructuring program covering parts of the Marine Division and the Business Unit for Welded Heat Exchangers in the Energy Division was initiated in the fourth quarter 2022 to adjust capacity imbalances in the supply organization and manage the impact as we transit from fossil to sustainable energy solutions. The program was completed during 2023.

Accounting principles

The interim report for the fourth quarter 2023 is prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The accounting principles are according to IFRS (International Financial Reporting Standards) as adopted by the European Union. In the report, alternative performance measures are used. See the annual report 2022 for definitions. Alfa Laval follows the Guidelines on Alternative Performance Measures issued by ESMA (European Securities and Markets Authority).

In the first quarter 2023 the alternative performance measure "Adjusted EBITA" has been added per division. The reason is that Adjusted EBITA is the most important performance measure used for the consolidated Group. In order to show how it is arrived at, information on amortisation has been added by division (operating income by division less amortisation by division equals Adjusted EBITA by division). The definition of free cash flow has been changed to the sum of cash flows from operating activities, investments and divestments of fixed assets. The reason is that the new definition is more meaningful for investors. It is presented per share in the statement of consolidated cash flows. Net debt is presented both excluding and including lease liabilities. The reason is that lease liabilities have nothing to do with the company's loans.

"Q4" and "Fourth quarter" refer to the period October 1 to December 31. "Jan-Dec" and "Full year" refer to the period January 1 to December 31. "The corresponding period last year" refers to the fourth quarter 2022 or the full year 2022 depending on the context.

“Currency effects” only relate to translation effects, whereas “foreign exchange effects” also relate to transactional effects. “Mix” in the operating income bridge also includes a price effect. Comparison distortion items are reported in the comprehensive income statement on each concerned line but are specified on page 4.

The accounting and valuation principles of the parent company comply with the Swedish Annual Accounts Act and the recommendation RFR 2 Accounting for legal entities issued by the Council for Financial Reporting in Sweden.

Annual report 2023

The annual report will be published on Alfa Laval’s website on March 28, 2024 at 10.00 CET.

The interim report has been issued at CET 7.30 on February 6, 2024 by the President and Chief Executive Officer Tom Erixon by proxy from the Board of Directors.

Lund, February 6, 2024,

Tom Erixon
President and Chief Executive Officer
Alfa Laval AB (publ)



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Date for the next financial reports

Alfa Laval will publish financial reports at the following dates:

Interim report for the first quarter	April 25
Interim report for the second quarter	July 23
Interim report for the third quarter	October 24

This information is information that Alfa Laval AB (publ) is obliged to make public pursuant to the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at CET 7.30 on February 6, 2024.

