



NEWS RELEASE

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Alfa Laval's Capital Markets Day - summary of the business update

Alfa Laval's Capital Markets Day, held today in Aalborg, Denmark, started with a presentation by Tom Erixon, President and CEO. He talked, among other things, about the new, differentiated product platforms for gasketed plate heat exchangers (GPHE) as well as high-speed separators (HSS), that will be rolled out stepwise, starting from the end of this year.

"Our ambition is to be the customers' number one choice, which is why we are increasing our focus on R&D and speeding up product launches. This is a natural part of our overall efforts to ensure continued leadership," said Tom Erixon. "Our efforts in this area means that we triple the number of product launches next year, compared to the last three years, across our three divisions," he added.

The new, leaner organization structure – in place since January 1st – is another part of the overall efforts to further improve the customers' total experience of Alfa Laval. "The changes are paying off as we now have clear indications that the improved internal efficiency also has increased our speed when interacting with customers," said Tom Erixon. "Customer surveys show a high level of satisfaction across a range of different areas, including the sales process speed, our competence to match their needs and our organization's prompt response to signs of dissatisfaction. These are extremely important building blocks in any customer relationship."

At the very end of his presentation, Tom Erixon reiterated the current financial targets for growth, profitability and returns. "All our efforts, including the initiatives I mentioned in my presentation, are aimed at one thing: contributing to help us reach our targets – as they stand today," Tom Erixon said. "

Tom Erixon's powerpoint presentation can be downloaded from Alfa Laval's website. A recorded version of his presentation, as well as that of Thomas Thuresson and the divisional managers, will be posted on Alfa Laval's website in a few days' time.

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Thomas Thuresson, Executive Vice President and CFO, also talked about R&D, but from a financial perspective. “We have increased the R&D spend in recent years, supporting our increased efforts to rejuvenate product groups such as high-speed separators and gasketed plate heat exchangers,” he said. “These efforts will continue throughout 2018 as well, which is why we are adjusting our R&D guidance slightly upwards, to 2.5 percent – or less, going forward.”

Furthermore, he talked about capex spend. “There are several significant initiatives planned for the coming couple of years,” he said. “These can be sorted into three different categories; the Footprint program, forced relocations and extension of capacity.” While the guidance for regular capex remains at 2 percent of revenues, these projects will come on top, adding some SEK 700 million in total over the period 2018 to 2019.

FX and its impact on adjusted EBITA was another topic in the CFO presentation. The forecast was updated and the total positive FX effect is expected to be SEK 210 million this year and with a positive FX transaction effect of SEK 70 million in 2018.

For further details, please have a look at the “Financial Update” powerpoint presentation on Alfa Laval's website.

All Capital Market Day presentations are 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 2016, posted annual sales of about SEK 35.6 billion (approx. 3.77 billion Euros). The company has about 17 000 employees.

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