



Continued strong demand

- Order intake of SEK 15.2 billion, corresponding to 13 percent organic growth. Demand remained high across all three divisions.
- Net sales of SEK 13.2 billion, corresponding to 11 percent organic growth. Sales growth was supported by somewhat stabilizing supply chains.
- Adjusted EBITA of SEK 1,934 million, corresponding to a growth of 4 percent and a margin of 14.7 percent.
- A restructuring program launched to adjust capacity imbalances in the Marine and Energy Divisions.

Outlook for the fourth quarter

"We expect demand in the fourth quarter to be about the same as in the third quarter."

Earlier published outlook (July 20, 2022):
"We expect demand in the third quarter to be somewhat lower than in the second quarter."

The Q3 2022 report has been reviewed by the company's auditors, see page 26 for the review report.

Summary

SEK millions	Q3				Jan-Sep			
	2022	2021	%	% *	2022	2021	%	% *
Order intake	15,202	11,680	30	19	42,878	34,067	26	17
Net sales	13,184	10,275	28	17	35,651	29,219	22	13
Adjusted EBITA **	1,934	1,854	4		5,709	5,122	11	
- adjusted EBITA margin (%) **	14.7	18.0			16.0	17.5		
Result after financial items	1,581	1,567	1		4,417	4,281	3	
Net income for the period	1,225	1,226	0		3,309	3,323	0	
Earnings per share (SEK)	2.92	2.91	0		7.89	7.87	0	
Cash flow from operating activities	670	1,469	-54		1,629	3,853	-58	
Impact on adjusted EBITA of foreign exchange effects	120	0			250	-100		
Impact on result after financial items of comparison distortion items	-	-			-327	-192		
Return on capital employed (%) **					18.2	18.3		
Net debt to EBITDA, times **					1.50	1.07		

* Excluding currency effects. ** Alternative performance measures.



Comment from

Tom Erixon

President and CEO

"The demand continued to grow in almost all regions and end-markets and reached a new all-time high of SEK 15.2 billion in the quarter with 13 percent organic growth. The order book grew to SEK 38 billion, partly due to a positive book-to-bill and partly due to the Desmet acquisition. Invoicing grew 11 percent organically to a record level of SEK 13.2 billion, supported by somewhat stabilizing supply chains. Still, the inventory of semi-finished and finished goods continued to increase, reflecting a less than perfect operating environment.

The Energy Division grew 14 percent organically driven by high demand for energy efficiency solutions and emerging clean energy applications, with the first major order in hydrogen booked in the quarter. The operating margin developed favourably and reached almost 19 percent due to improved mix and a high factory load in most areas.

The Food & Water Division reached a new record order intake of SEK 5.6 billion, a continuation of the organic growth path since several years. Invoicing improved considerably in the quarter, reflecting improved delivery service from most suppliers. Excluding Desmet, the operating margin was sequentially stable at 16.8 percent. Including Desmet, the margin was 14.7 percent. The negative margin effect will be considerably less in the fourth quarter due to the seasonal nature of the business.

The Marine Division had an order intake of SEK 5 billion in the quarter, representing a 22 percent organic growth compared to last year. Despite the relatively slow contracting market for new ships, demand is growing in new applications based on multi-fuel solutions and environmental trends. The margin decreased considerably compared to the second quarter, mainly related to reduced profitability in Pumping Systems due to depressed order intake in a weak tanker market. Order intake in Pumping Systems did, however, improve during the third quarter.

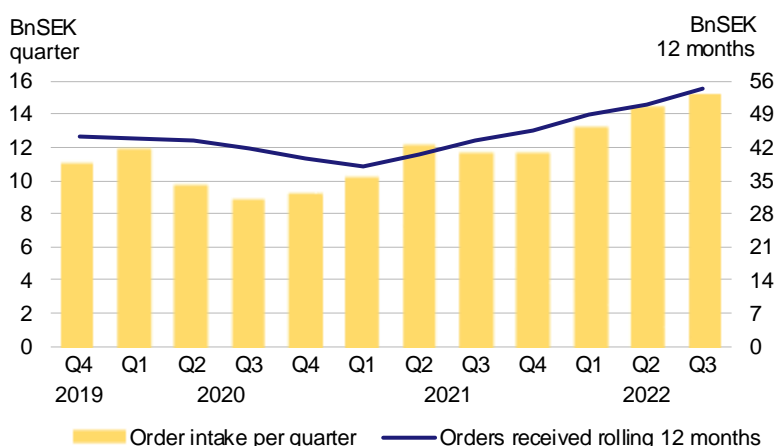
Some adjustments will be needed to adjust capacity imbalances in the supply organization and manage the impact as we transit from fossil to sustainable energy solutions. A restructuring program covering parts of the Marine Division and the Business Unit for Welded Heat Exchangers in the Energy Division has been initiated. A restructuring charge of around SEK 200 million will be charged in the fourth quarter. A total of approximately 500 employees will be affected, including the effect from the continued wind-down of the organisation in Russia.

The overall market demand is expected to remain on a high level during the fourth quarter for all three divisions. The initiated restructuring program is addressing the known weaknesses in demand. Should the macro-economic uncertainty start to impact industry demand, the Group is ready to adjust accordingly."

Tom Erixon,
President and CEO

Financial overview

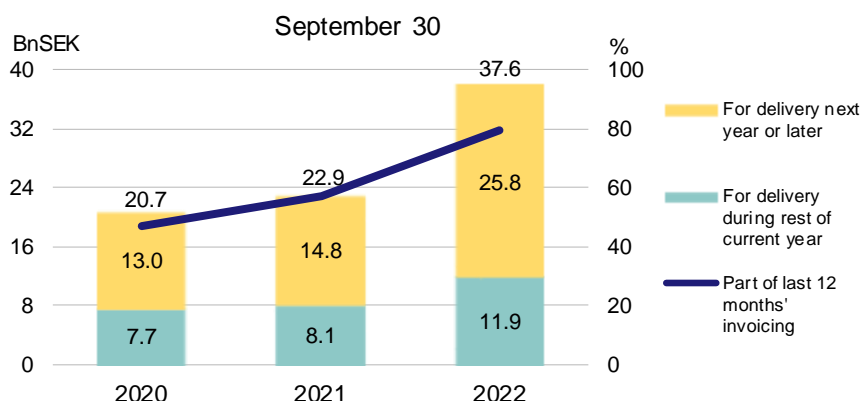
Order intake



Orders received was SEK 15,202 (11,680) million in the third quarter and SEK 42,878 (34,067) million in the first nine months 2022. Order backlog of SEK 78 million in the third quarter and SEK 733 million in the first nine months 2022 relating to the sanctions against Russia has been cancelled.

Orders received from Service constituted 27.0 (29.2) percent of the Group's total orders received during the third quarter and 28.4 (27.8) percent during the first nine months 2022.

Order backlog



The acquisitions of Desmet and Scanjet meant that the order backlog increased by SEK 5,646 million and SEK 95 million respectively at the time of the acquisitions. Excluding currency effects and adjusted for acquisition and divestment of businesses the order backlog was 28.4 percent higher than the order backlog at September 30, 2021 and 28.9 percent higher than the order backlog at the end of 2021.

Net sales

Net invoicing was SEK 13,184 (10,275) million for the third quarter and SEK 35,651 (29,219) million for the first nine months 2022.

Net invoicing relating to Service constituted 29.7 (29.5) percent of the Group's total net invoicing in the third quarter and 30.7 (29.3) percent in the first nine months 2022.

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

Order bridge		
SEK millions/%	Q3	Jan-Sep
2021	11,680	34,067
Organic ¹⁾	13.4%	13.8%
Structural ¹⁾	5.1%	2.8%
Currency	11.7%	9.3%
Total	30.2%	25.9%
2022	15,202	42,878

1) Change excluding currency effects.

Order bridge Service		
SEK millions/%	Q3	Jan-Sep
2021	3,414	9,470
Organic ¹⁾	7.6%	14.5%
Structural ¹⁾	0.2%	3.4%
Currency	12.6%	10.6%
Total	20.4%	28.5%
2022	4,112	12,169

1) Change excluding currency effects.

Sales bridge		
SEK millions/%	Q3	Jan-Sep
2021	10,275	29,219
Organic ¹⁾	11.3%	9.9%
Structural ¹⁾	5.4%	3.1%
Currency	11.6%	9.0%
Total	28.3%	22.0%
2022	13,184	35,651

1) Change excluding currency effects.

Sales bridge Service		
SEK millions/%	Q3	Jan-Sep
2021	3,030	8,581
Organic ¹⁾	16.1%	13.3%
Structural ¹⁾	0.2%	3.7%
Currency	13.3%	10.7%
Total	29.6%	27.7%
2022	3,927	10,958

1) Change excluding currency effects.

Income analysis

	Q3		Jan-Sep		Jan-Dec	Last 12
SEK millions	2022	2021	2022	2021	2021	months
Net sales	13,184	10,275	35,651	29,219	40,911	47,343
Adjusted gross profit *	4,522	3,835	13,146	11,066	15,306	17,386
- adjusted gross margin (%) *	34.3	37.3	36.9	37.9	37.4	36.7
Expenses **	-2,106	-1,660	-6,304	-5,063	-7,001	-8,242
- <i>in % of net sales</i>	16.0	16.2	17.7	17.3	17.1	17.4
Adjusted EBITDA *	2,416	2,175	6,842	6,003	8,305	9,144
- <i>adjusted EBITDA margin (%) *</i>	18.3	21.2	19.2	20.5	20.3	19.3
Depreciation	-482	-321	-1,133	-881	-1,191	-1,443
Adjusted EBITA *	1,934	1,854	5,709	5,122	7,114	7,701
- adjusted EBITA margin (%) *	14.7	18.0	16.0	17.5	17.4	16.3
Amortisation of step-up values	-248	-199	-677	-591	-796	-882
Comparison distortion items	-	-	-327	-192	-192	-327
Operating income	1,686	1,655	4,705	4,339	6,126	6,492

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

The gross profit has been affected positively by a higher sales volume and the mix between service and capital sales, but negatively by increased material costs on orders taken before 2022 in Marine, a low factory load in Pumping Systems in Marine and seasonality effects from the acquisition of Desmet. In total this has reduced the gross margin in the quarter.

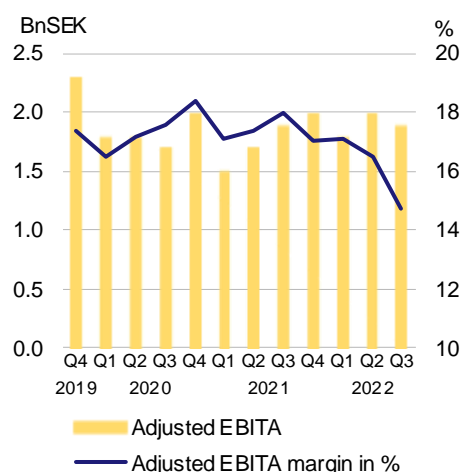
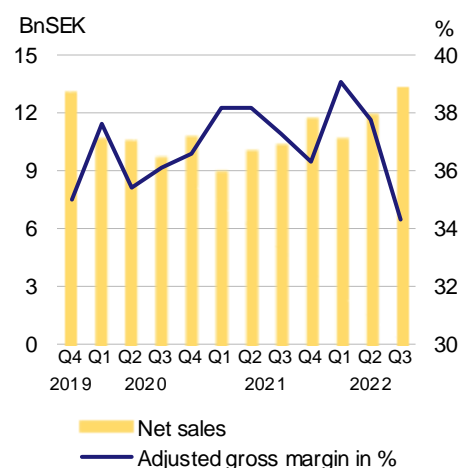
Sales and administration expenses were SEK 2,044 (1,601) million during the third quarter and SEK 5,795 (4,670) million during the first nine months 2022. The figures for the first nine months corresponded to 16.3 (16.0) percent of net sales. Excluding currency effects and acquisition/divestment of businesses, sales and administration expenses increased by 12.6 percent during the third quarter and by 11.6 percent during the first nine months 2022 compared to the corresponding periods last year. The increase is reflecting that the activity level now is returning to more normal levels after the pandemic, except for travelling.

The costs for research and development during the third quarter 2022 corresponded to 2.7 (2.8) percent of net sales. Excluding currency effects and acquisition/divestment of businesses, the costs for research and development increased by 14.0 percent during the third quarter and by 6.1 percent during the first nine months 2022 compared to the corresponding periods last year.

Earnings per share was SEK 7.89 (7.87) for the first nine months 2022. The corresponding figure excluding amortisation of step-up values and the corresponding tax, was SEK 9.24 (9.05).

Comparison distortion items

	Q3		Jan-Sep		Jan-Dec	Last 12
SEK millions	2022	2021	2022	2021	2021	months
Other operating income						
Comparison distortion items:						
- Realised gain on sale of businesses	-	-	-	3	3	-
- Realised gain on sale of properties	-	-	-	9	9	-
Other operating costs						
Comparison distortion items:						
- Provision for financial consequences of Russia's war on Ukraine	-	-	-327	-	-	-327
- Restructuring costs	-	-	-	-204	-204	-
Net comparison distortion items	-	-	-327	-192	-192	-327



The comparison distortion items during the first nine months 2022 are relating to costs triggered by Russia's war on Ukraine and are described on page 25. The comparison distortion items during the first nine months 2021 were relating to the final step in the restructuring program that was started during the fourth quarter 2020 and the realised gains on the sale of the remaining air heat exchanger operation in India to LU-VE and on the sale of a property in India.

Consolidated financial net and taxes

The financial net for the first nine months 2022 was SEK -181 (-111) 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 -4 (-9) million, interest on the bilateral term loans of SEK -5 (-2) million, interest on the corporate bonds of SEK -103 (-62) million, interest on the commercial paper programme of SEK -3 (-0) and a net of dividends, changes in fair value and other interest income and interest costs of SEK -66 (-38) million. The net of realised and unrealised exchange rate differences was SEK -107 (53) million.

The tax on the result after financial items was SEK -356 (-341) million in the third quarter and SEK -1,108 (-958) million in the first nine months 2022.

Cash flow

During the first nine months 2022 cash flows from operating and investing activities were SEK -2,967 (-485) million. The figure for 2022 has been burdened with SEK -3,278 (-955) million for build-up of inventories due to the volume growth and to secure our ability to deliver.

Depreciation, excluding allocated step-up values, was SEK 1,133 (881) million during the first nine months 2022.

Acquisition of businesses during the first nine months 2022 amount to SEK -3,672 (-3,615) million. The figure for 2022 is relating to the acquisition of Desmet with SEK -3,431 million, the acquisition of Scanjet with SEK -225 million, the acquisition of BunkerMetric with SEK -12 million and payment of withheld purchase price for the acquisition of Airec with SEK -4 million. The figure for 2021 was mainly relating to the acquisition of StormGeo with SEK -3,588 million. In addition, StormGeo acquired two small companies in Brazil for SEK -13 million and withheld purchase price was paid for some earlier acquisitions with SEK -15 million. Furthermore, an additional purchase price for the acquisition of Aalborg AS was paid with SEK -5 million.

Divestment of businesses during the first nine months 2022 amount to SEK - (8) million. The figure for 2021 was relating to additional purchase price concerning the sale of the remaining air heat exchanger operation in India to LU-VE.

Key figures

	Sep 30		Dec 31
	2022	2021	2021
Return on capital employed (%) ¹⁾	18.2	18.3	20.0
Return on equity (%) ²⁾	14.7	13.1	15.8
Solidity (%) ³⁾	42.3	47.6	50.3
Net debt to EBITDA, times ¹⁾	1.50	1.07	0.87
Debt ratio, times ¹⁾	0.39	0.26	0.22
Number of employees ⁴⁾	19,818	17,678	17,883

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.

The increase in number of employees from the first nine months 2021 to the first nine months 2022 is explained mainly by the acquisitions of Desmet and Scanjet with 1,115 and otherwise by an increased activity level.

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.

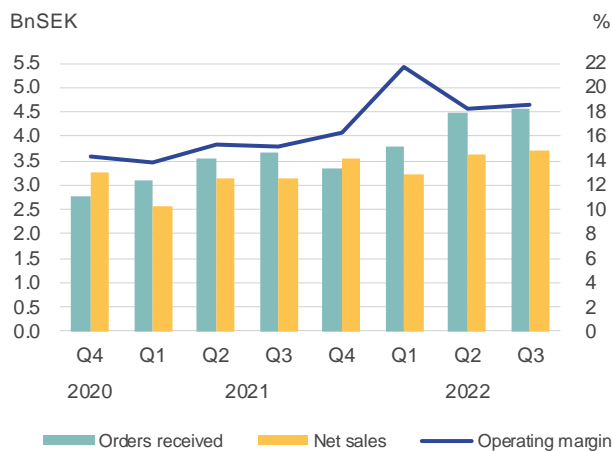
Focus is on increased energy efficiency, waste heat recovery and sustainable solutions.

- Strong order intake.
- Growth mainly driven by continued investments in energy efficiency initiatives.
- Strong growth in service.
- Operating margin increased. The improvement was mainly driven by higher volumes, mix and pricing.
- Restructuring program launched in Business Unit Welded Heat Exchangers.

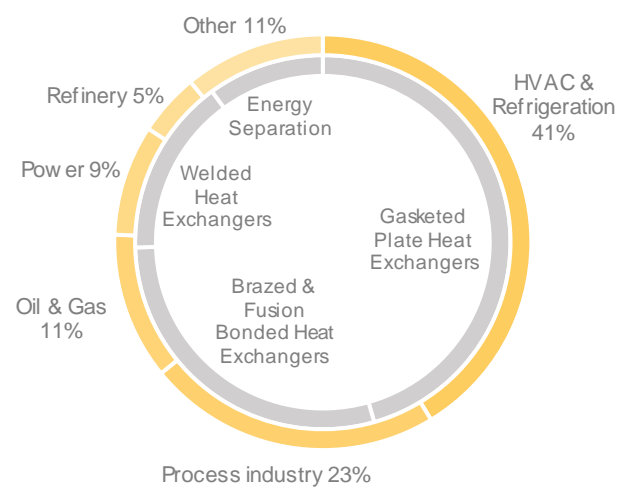
SEK millions	Q3		Jan-Sep		Jan-Dec	Last 12
	2022	2021	2022	2021	2021	months
Orders received	4,583	3,659	12,887	10,313	13,675	16,249
Order backlog*	8,582	5,969	8,582	5,969	5,791	8,582
Net sales	3,726	3,146	10,574	8,827	12,383	14,130
Operating income**	694	479	2,056	1,316	1,897	2,637
Operating margin***	18.6%	15.2%	19.4%	14.9%	15.3%	18.7%
Depreciation and amortisation	170	115	410	319	433	524
Investments****	106	118	326	244	403	485
Assets*	17,165	13,028	17,165	13,028	13,262	17,165
Liabilities*	6,758	5,431	6,758	5,431	5,252	6,758
Number of employees*	5,231	5,135	5,231	5,135	5,126	5,231

* At the end of the period. ** In management accounts. *** Operating income in relation to net sales. **** Excluding new leases.

Quarterly development



Order intake Jan-Sep 2022 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 good order growth in the third quarter compared to the same quarter last year. Demand remained strong for energy efficiency solutions across most end markets and during the quarter order intake grew for solutions in the emerging clean energy and circularity areas. The service business developed in a positive way. Demand was strong across most geographical markets and particularly in North America, Northern Europe and Northeast Asia, driven by a strong underlying business in combination with some larger projects.

The largest end market, HVAC** continued to grow compared to last year driven by high demand for heat pumps, heating & cooling, cooling of datacentres and refrigeration solutions. Demand from customers in process industries also increased in the quarter, supported by increased investments in production capacity to generate green hydrogen. Demand grew in the refinery sector. Overall volumes in oil & gas and power were lower compared to the same quarter last year but the underlying demand remains solid.

Service grew well in the quarter. A positive development was noted across most industries and geographical markets. The growth is mainly driven by strong demand for spare parts.

Net sales

Net sales grew in almost all end markets, despite some remaining capacity constraints and supply chain challenges. Service sales grew faster than capital sales.

Operating income

The increased net sales in the quarter had a positive volume effect. Despite increased raw material costs, the mix effect was positive due to price increases and a higher service share. The overhead costs increased due to increased sales activities and inflationary pressure. Currency had a small positive impact.

Order bridge

SEK millions/%	Q3	Jan-Sep
2021	3,659	10,313
Organic ¹⁾	14.3%	16.0%
Structural ¹⁾	-	-
Currency	11.0%	9.0%
Total	25.3%	25.0%
2022	4,583	12,887

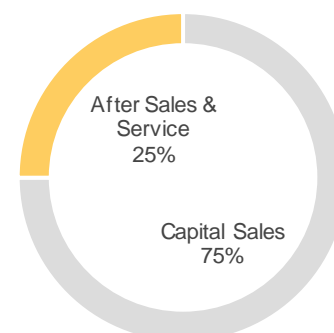
1) Change excluding currency effects.

Sales bridge

SEK millions/%	Q3	Jan-Sep
2021	3,146	8,827
Organic ¹⁾	7.9%	10.9%
Structural ¹⁾	-	-
Currency	10.5%	8.9%
Total	18.4%	19.8%
2022	3,726	10,574

1) Change excluding currency effects.

Order intake Jan-Sep 2022 split on:



Income bridge

SEK millions	Q3	Jan-Sep
Operating income 2021	479	1,316
Volume ¹⁾	81	329
Mix ¹⁾	159	456
Costs ¹⁾	-64	-132
Currency	39	87
Operating income 2022	694	2,056

1) Change excluding currency effects.

* Comments excluding currency effects.

** Heating, Ventilation & Air Conditioning.



Food & Water Division

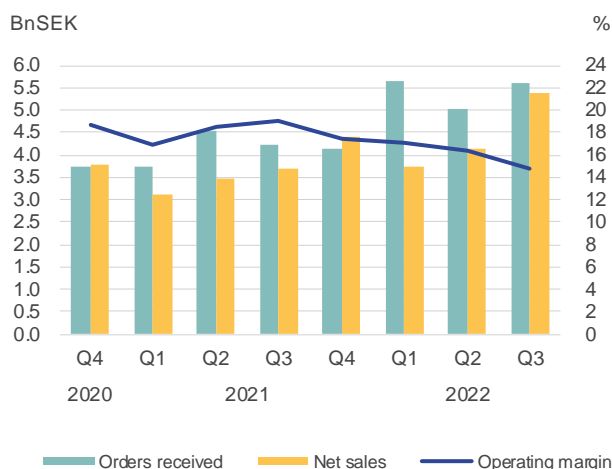
The division offers different types of products for heat transfer, separation and hygienic fluid handling and targets customers in food, pharmaceuticals, biotech, vegetable oils, brewery, dairy and body care products. In addition, the division focuses on public and industrial water treatment as well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

- Continued strong demand.
- Higher invoicing due to somewhat improved supply chains.
- Strong growth in service.
- Excluding Desmet the operating margin was stable at 16.8 percent.

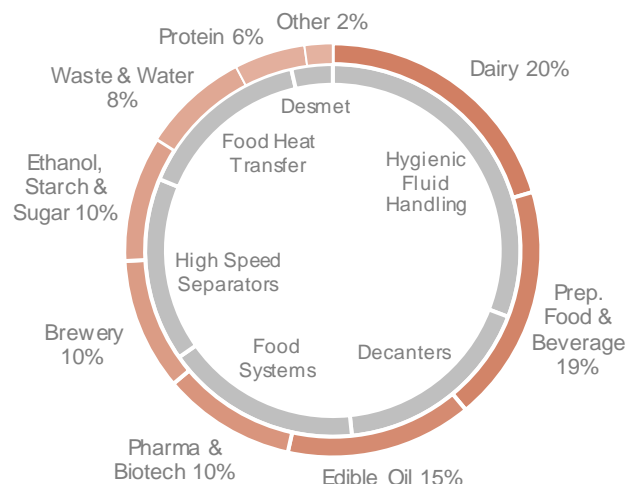
SEK millions	Q3		Jan-Sep		Jan-Dec	Last 12
	2022	2021	2022	2021	2021	months
Orders received	5,611	4,241	16,296	12,525	16,664	20,435
Order backlog*	16,158	7,044	16,158	7,044	6,823	16,158
Net sales	5,402	3,678	13,284	10,252	14,640	17,672
Operating income**	792	699	2,105	1,870	2,637	2,872
Operating margin***	14.7%	19.0%	15.8%	18.2%	18.0%	16.3%
Depreciation and amortisation	217	93	422	269	360	513
Investments****	100	46	221	213	315	323
Assets*	20,491	11,172	20,491	11,172	11,714	20,491
Liabilities*	7,911	4,990	7,911	4,990	5,144	7,911
Number of employees*	7,991	6,537	7,991	6,537	6,670	7,991

* At the end of the period. ** In management accounts. *** Operating income in relation to net sales. **** Excluding new leases.

Quarterly development



Order intake Jan-Sep 2022 split per end market/business unit





Order intake*

Order intake grew in the third quarter compared to the same quarter last year. Demand increased or remained unchanged compared to last year's high levels in all regions except for China, where lower economic activity was noted as a result of COVID-19 lockdowns. The acquisition of Desmet was finalized on August 1, 2022 and will strengthen Alfa Laval's position in the renewable energy arena and complement its offering within edible oils.

Edible oil reported strong growth, mainly from the traditional edible oil sector, but also from a continued high activity in HVO** for biodiesel primarily in the U.S. Dairy grew due to continuing capacity investments, with especially high activity in North America and South America. The pharma & biotech markets contracted after several consecutive quarters of strong growth. The decline can in its entirety be associated with China, where the lower demand in the quarter is partly related to recent local and regional lockdowns. Brewery developed well with a continued strong market for investments in replacement and upgrades. Ethanol, starch & sugar reported strong growth. Ethanol demand has been positively impacted by good demand in the bio-fuel sector. Starch and sugar reported strong growth in Europe and even more so in Asia. Waste & water was below last year, but with the exception of North America, all other geographical regions grew.

Service grew in all end markets, except for protein and edible oil that showed a slight contraction. Growth was somewhat stronger for repair and service compared to spare parts.

Net sales

Net sales in the quarter showed good growth, partly as a result of somewhat improved supply chains. Capital sales grew faster than service. Industry wise, the strongest increase in sales was noted in ethanol, starch & sugar and also brewery. Except for a slight contraction in protein, all other industries grew strongly. Geographically, all regions grew sales by double digits, with North America and Southeast Asia standing out with the most significant increases.

Operating income

Operating income increased in the quarter due to higher net sales and a positive currency effect. With the acquisition of Desmet in the quarter and new sales growing faster than service, the mix effect was negative. The cost increases were due to a high business activity, the current inflationary pressure and acquisition costs related to Desmet.

* Comments excluding currency effects.

** Hydrotreated Vegetable Oil.

Order bridge

SEK millions/%	Q3	Jan-Sep
2021	4,241	12,525
Organic ¹⁾	5.2%	14.1%
Structural ¹⁾	12.9%	4.3%
Currency	14.2%	11.7%
Total	32.3%	30.1%
2022	5,611	16,296

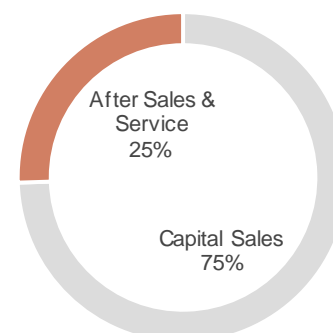
1) Change excluding currency effects.

Sales bridge

SEK millions/%	Q3	Jan-Sep
2021	3,678	10,252
Organic ¹⁾	17.4%	12.8%
Structural ¹⁾	13.9%	4.9%
Currency	15.6%	11.9%
Total	46.9%	29.6%
2022	5,402	13,284

1) Change excluding currency effects.

Order intake Jan-Sep 2022 split on:



Income bridge

SEK millions	Q3	Jan-Sep
Operating income 2021	699	1,870
Volume ¹⁾	416	677
Mix ¹⁾	-174	-243
Costs ¹⁾	-235	-378
Currency	86	179
Operating income 2022	792	2,105

1) Change excluding currency effects.

Marine Division

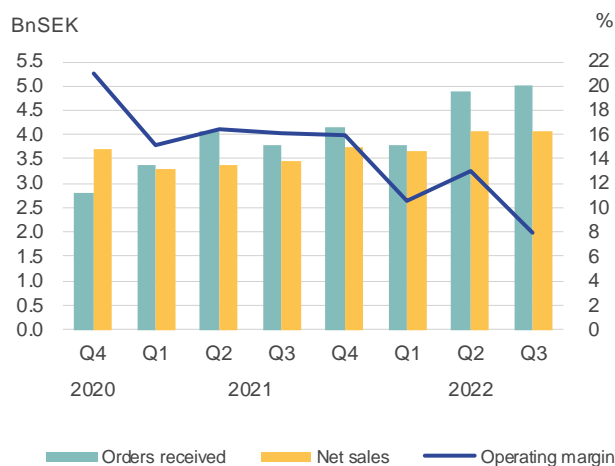
The division's customers include shipowners, shipyards, manufacturers of diesel and gas engines, as well as companies that work with offshore extraction of oil and gas. The offering includes pumping systems, boilers, heat transfer equipment, high speed separators and several different environmental products,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

- Good order growth in most product areas despite somewhat weak contracting market.
- Strong growth in service.
- Operating margin negatively affected by an old order backlog, mix and low volumes in Pumping Systems.
- Restructuring program launched to address profitability.

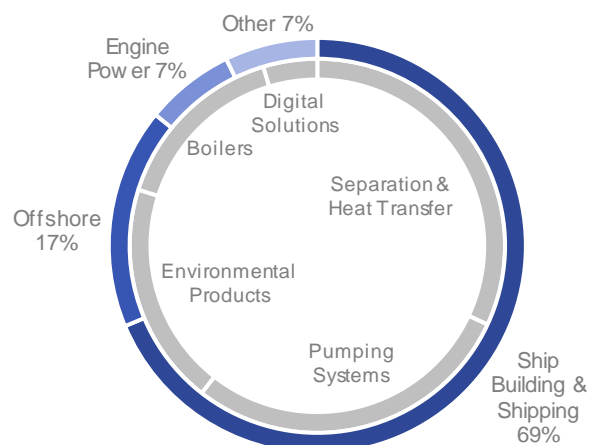
SEK millions	Q3		Jan-Sep		Jan-Dec	Last 12
	2022	2021	2022	2021	2021	months
Orders received	5,008	3,780	13,695	11,229	15,379	17,845
Order backlog*	12,870	9,927	12,870	9,927	10,340	12,870
Net sales	4,056	3,451	11,793	10,140	13,888	15,541
Operating income**	324	558	1,244	1,611	2,211	1,844
Operating margin***	8.0%	16.2%	10.5%	15.9%	15.9%	11.9%
Depreciation and amortisation	257	221	729	619	840	950
Investments****	49	88	142	143	250	249
Assets*	30,433	28,283	30,433	28,283	28,718	30,433
Liabilities*	6,467	6,621	6,467	6,621	6,317	6,467
Number of employees*	5,319	4,882	5,319	4,882	4,932	5,319

* At the end of the period. ** In management accounts. *** Operating income in relation to net sales. **** Excluding new leases.

Quarterly development



Order intake Jan-Sep 2022 split per end market/business unit





Order intake*

Order intake for the Marine Division grew compared to the same quarter last year. Growth was driven by a stronger demand in most product areas and in the service business. During the quarter, the portfolio of digital solutions was further strengthened by the acquisition of BunkerMetric. BunkerMetric complements and strengthens the StormGeo offering by providing digital tools to optimize bunker procurement, thereby saving both costs and reducing carbon emissions.

The underlying market sentiment related to the building of new vessels was on a lower level compared to the same period last year. New contracting has been driven primarily by container vessels, large LNG carriers and vehicle carriers. The lower shipbuilding activity was compensated by a continued growing demand for sustainability related solutions which mitigate CO2 emissions, including solutions around energy efficiency and low and zero carbon fuels as the IMO 2023 deadline draws closer. Demand for PureBallast has started to ease as fewer vessels remain to be retrofitted before the approaching 2024 regulatory deadline and the market gets more oriented to new vessels. Order intake for offshore increased significantly compared to the same quarter last year and the underlying market sentiment in this area remains strong due to increased oil prices and the demand for energy.

Order intake for service improved compared to the same quarter last year. Growth was driven by higher activity level in both shipping and offshore. High freight rates in most vessel segments and the need to keep vessel assets in good operational readiness resulted in increased on-board maintenance and a 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 a number of product groups in capital sales, particularly within oil & gas, offset the lower sales for gas systems, PureBallast and marine cargo pumping systems.

Operating income

The operating income decreased in the third quarter compared to the corresponding quarter last year. Net sales were higher, but the capital sales product mix had a lower profitability level. This was mainly due to low factory load in Business Unit Pumping Systems following a weak tanker market in 2022. The mix was also impacted negatively by higher material costs impacting orders taken prior to 2022 and by transactional currency impacts. The cost level was higher than last year due to a higher activity level.

* Comments excluding currency effects.

Order bridge

SEK millions/%	Q3	Jan-Sep
2021	3,780	11,229
Organic ¹⁾	21.6%	11.3%
Structural ¹⁾	1.3%	3.7%
Currency	9.6%	7.0%
Total	32.5%	22.0%
2022	5,008	13,695

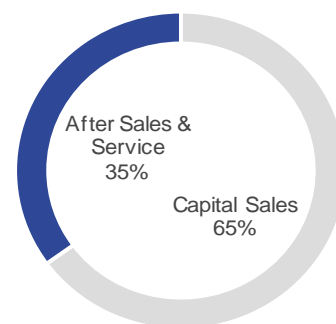
1) Change excluding currency effects.

Sales bridge

SEK millions/%	Q3	Jan-Sep
2021	3,451	10,140
Organic ¹⁾	8.4%	6.3%
Structural ¹⁾	0.7%	3.7%
Currency	8.4%	6.3%
Total	17.5%	16.3%
2022	4,056	11,793

1) Change excluding currency effects.

Order intake Jan-Sep 2022 split on:



Income bridge

SEK millions	Q3	Jan-Sep
Operating income 2021	558	1,611
Volume ¹⁾	112	355
Mix ¹⁾	-248	-284
Costs ¹⁾	-121	-497
Currency	23	59
Operating income 2022	324	1,244

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	Q3		Jan-Sep		Jan-Dec	Last 12
	2022	2021	2022	2021	2021	months
Orders received	0	0	0	0	0	0
Order backlog*	0	0	0	0	0	0
Net sales	0	0	0	0	0	0
Operating income**	-113	-99	-356	-300	-441	-497
Depreciation and amortisation	86	91	249	265	354	338
Investments***	100	65	251	155	261	357
Assets*	1,708	1,479	1,708	1,479	1,486	1,708
Liabilities*	946	720	946	720	801	946
Number of employees*	1,277	1,124	1,277	1,124	1,155	1,277

* At the end of the period. ** In management accounts. *** Excluding new leases.

The decreased operating income in the first nine months 2022 compared to the last year is mainly due to a more normalized operating level after the pandemic.

Reconciliation between Divisions and Group total

SEK millions	Q3		Jan-Sep		Jan-Dec	Last 12
	2022	2021	2022	2021	2021	months
Operating income						
Total for divisions	1,697	1,637	5,049	4,497	6,304	6,856
Comparison distortion items	-	-	-327	-192	-192	-327
Consolidation adjustments *	-11	18	-17	34	14	-37
Total operating income	1,686	1,655	4,705	4,339	6,126	6,492
Financial net	-105	-88	-288	-58	16	-214
Result after financial items	1,581	1,567	4,417	4,281	6,142	6,278
Assets **						
Total for divisions	69,797	53,962	69,797	53,962	55,180	69,797
Corporate ***	10,836	9,488	10,836	9,488	9,181	10,836
Group total	80,633	63,450	80,633	63,450	64,361	80,633
Liabilities **						
Total for divisions	22,082	17,762	22,082	17,762	17,514	22,082
Corporate ***	24,415	15,508	24,415	15,508	14,503	24,415
Group total	46,497	33,270	46,497	33,270	32,017	46,497

* 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 third quarter

Division	Business Unit	Delivery date	Order amount	Total per Business Unit	
	Scope of supply			Q3 2022	Q3 2021
			SEK millions		
Energy					
	Welded Heat Exchangers			-	75
	Energy Separation				
	High speed separators for production of chemicals in China.	2023	93	93	-
	Gasketed Plate Heat Exchangers				
	Heat exchangers to a hydrogen plant in the Middle East.	2024	110		
	Heat exchangers to a petrochemical plant in China.	2023	90	200	-
Food & Water					
	Food Systems				
	Equipment for a pork-by-product processing plant in Italy.	2023	69		
	Equipment for edible oil production lines in India.	2023	63	132	-
	Decanters				
	Membrane system spiral for a dairy in the U.S.	2023	78	78	91
Marine					
	Pumping Systems				
	Offshore seawater lift pumps for oil platform in France.	2023	83		
	Offshore seawater lift pumps for oil platform in Norway.	2023	54		
	Seawater lift pumps for FPSO* vessel in the Caribbean.	2023	59	196	209
Total				699	375

* Floating Production, Storage and Offloading.

Information about products and services

Net sales by product/service *

	Q3		Jan-Sep		Jan-Dec	Last 12
SEK millions	2022	2021	2022	2021	2021	months
Own products within:						
Separation	2,227	1,743	5,833	5,033	7,107	7,907
Heat transfer	5,062	4,102	14,146	11,685	16,274	18,735
Fluid handling	2,868	2,383	8,152	6,747	9,291	10,696
Marine environmental	951	997	3,019	3,038	4,063	4,044
Other	0	0	0	0	0	0
Associated products	1,193	331	2,036	943	1,555	2,648
Services	883	719	2,465	1,773	2,621	3,313
Total	13,184	10,275	35,651	29,219	40,911	47,343

* 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.

New products during the third quarter

During the third quarter Alfa Laval has introduced among others the following new products:

Alfa Laval Packinox+



Alfa Laval Packinox+ heat exchanger was launched in September and is used for large-scale heat transfer duties in positions with high pressures and temperatures. A Packinox+ can be optimized for highly asymmetric flows and the plate-and-shell design leads to high efficiency, low investment cost and minimal pressure drop.

Alfa Laval HYAC

Alfa Laval HYAC was launched this summer and is a hybrid air cooler that combines the benefits of traditional air-cooled heat exchangers and closed loop evaporative cooling systems. It is intended for plants where high cooling capacity and low water consumption are required.



Framo Methanol Fuel Supply Pump System

The new dual fuel methanol engine propulsion system requires fuel tank containment and fuel transfer solutions that cater for safe handling of methanol, which is a highly flammable and toxic chemical. Framo has developed a compact submerged methanol transfer pump, which eliminates the hazardous pump room and is also freeing up space for extended fuel tank capacity. The robust, short-shaft power transmission transition ensures optimal performance during rough sea conditions at any operational mode.



Framo AquaStream for optimal conditions in the pen

Framo has developed unique pumping systems for fish farming that can be used for water circulation, feed water, sludge treatment, etc. The Framo AquaStream is designed to help improve fish welfare, increase growth, and reduce mortality in fish farms. It is an innovative product based on proven technology. The basic idea behind Framo AquaStream pumping system is that the best solutions are those that copy nature. By pumping up large quantities of fresh water in the fish farm, in such a way that we create optimal flow conditions inside the pen, we can recreate the stream conditions that salmon experience in the wild. The pumped water maintains the proper flow, oxygen levels and temperature, which remains free from lice and algae.

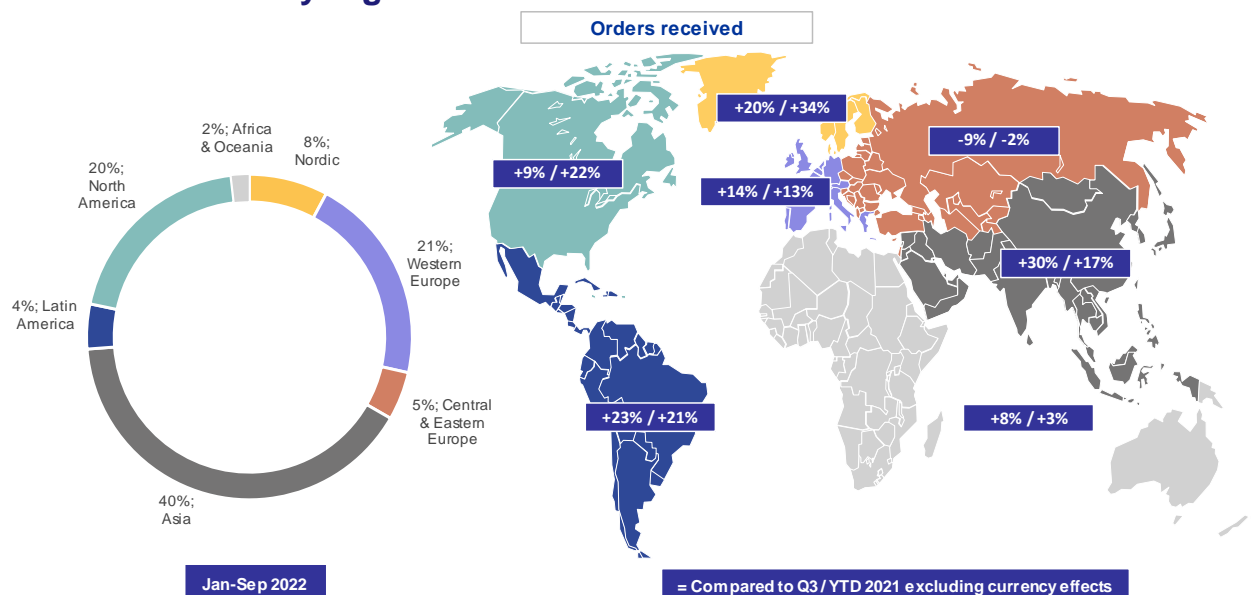


Optimized Alfa Laval Smit LNG

Alfa Laval has optimized the design of the Alfa Laval Smit LNG inert gas generator, bringing greater flexibility to an industry-leading solution. Modular construction with a range of options will mean more choices and faster access to vital safety equipment for our customers.



Information by region



Western Europe including Nordic

The region reported strong order intake compared to the same quarter last year. Energy grew driven by HVAC and process industry. Food & Water had a strong double-digit growth with a continued underlying demand for edible oil, ethanol, starch & sugar and protein. Marine noted continued strong demand in offshore and pumping systems. Service grew in both Food & Water and Marine.

Central and Eastern Europe

The order intake in the region declined compared to the same quarter last year due of the situation in Russia and Ukraine. However, the rest of the region reported a strong double-digit growth in the three divisions. Energy had a strong demand in HVAC and refinery. Food & Water reported a solid growth in ethanol, starch & sugar, and prepared food & beverage. Marine noted strong demand in shipbuilding and shipping and engine power. Excluding Russia and Ukraine, service grew in all three divisions.

North America

The region reported strong growth compared to last year. Energy noted a double-digit growth driven by oil & gas and HVAC & refrigeration. Food & Water reported a robust underlying demand in dairy and edible oil. Marine experienced a decline driven by engine power and shipbuilding and shipping. Service grew in all three divisions.

Latin America

The order intake in the region grew compared to the same quarter last year. Energy reported strong demand in HVAC & refrigeration and process industry, whilst somewhat lower demand in mining. Food & Water had a strong double-digit growth in edible oil and brewery. Marine declined, affected by lower demand in engine power. Service reported double-digit growth in all three divisions.

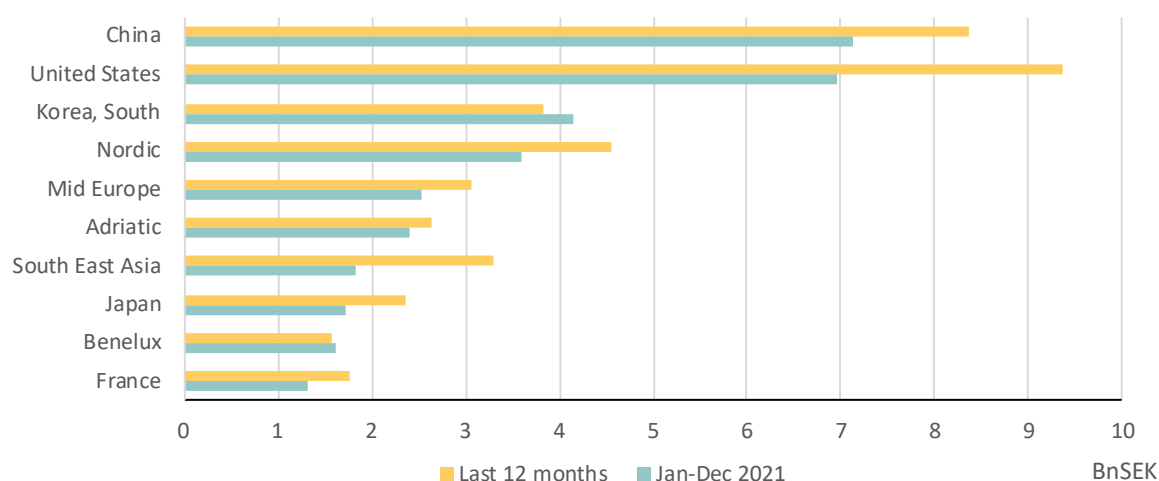
Asia

The region reported strong double-digit growth in order intake compared to last year. Energy noted a strong underlying demand in refinery and process industry. Food & Water grew particularly well in edible oil and ethanol, starch & sugar. Marine reported a strong growth in shipbuilding and shipping. Service grew in all three divisions.

Africa and Oceania

The order intake in the region grew compared to the same quarter last year. For Energy, the robust underlying demand for oil & gas and HVAC & refrigeration was not enough to compensate for the decline in refinery. Food & Water had a strong double-digit growth in edible oil and protein. Marine reported a solid growth in offshore, shipbuilding and shipping. Service grew in all three divisions.

Order intake for the 10 largest markets



Net sales

SEK millions	Q3		Jan-Sep		Jan-Dec	Last 12
	2022	2021	2022	2021	2021	months
To customers in:						
Sweden	291	297	851	824	1,166	1,193
Other EU	3,116	2,410	8,827	7,041	9,837	11,623
Other Europe	1,089	1,117	3,352	2,904	4,182	4,630
USA	2,373	1,636	6,055	4,386	6,031	7,700
Other North America	273	180	773	550	763	986
Latin America	654	421	1,695	1,125	1,606	2,176
Africa	199	96	424	349	500	575
China	2,046	1,718	5,138	4,948	6,803	6,993
South Korea	872	814	2,556	2,258	3,160	3,458
Other Asia	2,087	1,469	5,515	4,460	6,346	7,401
Oceania	184	117	465	374	517	608
Total	13,184	10,275	35,651	29,219	40,911	47,343

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	Sep 30		Dec 31
	2022	2021	2021
Sweden	2,610	2,179	2,273
Denmark	5,194	4,766	4,847
Other EU	8,930	3,839	3,978
Norway	15,325	15,150	15,573
Other Europe	443	364	377
USA	4,434	3,568	3,692
Other North America	151	134	137
Latin America	350	265	269
Africa	8	8	8
Asia	4,316	3,642	3,788
Oceania	122	105	110
Subtotal	41,883	34,020	35,052
Other long-term securities	475	1,804	1,396
Pension assets	96	96	70
Deferred tax asset	2,008	1,730	1,694
Total	44,462	37,650	38,212

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 approximately 5 percent of net sales.

Consolidated cash flows

SEK millions	Q3		Jan-Sep		Jan-Dec	Last 12
	2022	2021	2022	2021	2021	months
Operating activities						
Operating income	1,686	1,655	4,705	4,339	6,126	6,492
Adjustment for depreciation, amortisation and write down	730	520	1,810	1,472	1,987	2,325
Adjustment for other non-cash items	-16	-17	-45	151	147	-49
	2,400	2,158	6,470	5,962	8,260	8,768
Taxes paid	-470	-97	-1,440	-1,281	-1,599	-1,758
	1,930	2,061	5,030	4,681	6,661	7,010
Changes in working capital:						
Increase(-)/decrease(+) of receivables	-22	-271	-1,293	-556	-591	-1,328
Increase(-)/decrease(+) of inventories	-979	-243	-3,278	-955	-797	-3,120
Increase(+)/decrease(-) of liabilities	83	-28	1,652	632	480	1,500
Increase(+)/decrease(-) of provisions	-342	-50	-482	51	-489	-1,022
Increase(-)/decrease(+) in working capital	-1,260	-592	-3,401	-828	-1,397	-3,970
	670	1,469	1,629	3,853	5,264	3,040
Investing activities						
Investments in fixed assets (Capex)	-355	-317	-940	-755	-1,229	-1,414
Divestment of fixed assets	-1	6	16	24	24	16
Acquisition of businesses	-3,668	-14	-3,672	-3,615	-3,828	-3,885
Divestment of businesses	-	-	-	8	8	-
	-4,024	-325	-4,596	-4,338	-5,025	-5,283
Financing activities						
Received interests and dividends	24	9	57	60	79	76
Paid interests	-45	-99	-249	-186	-210	-273
Realised financial exchange gains	51	-53	70	178	258	150
Realised financial exchange losses	-16	-3	-68	-111	-82	-39
Repurchase of shares	-	-510	-661	-840	-1,339	-1,160
Dividends to owners of the parent	-	-	-2,480	-2,307	-2,307	-2,480
Dividends to non-controlling interests	-	0	-	-2	-2	0
Increase(-) of financial assets	-16	54	-364	-96	-80	-348
Decrease(+) of financial assets	0	54	992	2,338	3,033	1,687
Increase of loans	4,590	0	11,747	1,000	1,000	11,747
Amortisation of loans	-399	-751	-5,676	-1,783	-2,431	-6,324
	4,189	-1,299	3,368	-1,749	-2,081	3,036
Cash flow for the period	835	-155	401	-2,234	-1,842	793
Cash and cash equivalents at the beginning of the period	3,038	3,100	3,356	5,150	5,150	2,952
Translation difference in cash and cash equivalents	59	7	175	36	48	187
Cash and cash equivalents at the end of the period	3,932	2,952	3,932	2,952	3,356	3,932
Free cash flow per share (SEK) *	-8.11	2.74	-7.17	-1.16	0.57	-5.41
Capex in relation to net sales	2.7%	3.1%	2.6%	2.6%	3.0%	3.0%
Average number of shares**	413,370,509	417,559,472	413,742,003	418,678,210	418,021,440	414,327,980

* Free cash flow is the sum of cash flows from operating and investing activities.

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

Consolidated comprehensive income

SEK millions	Q3		Jan-Sep		Jan-Dec	Last 12
	2022	2021	2022	2021	2021	months
Net sales	13,184	10,275	35,651	29,219	40,911	47,343
Cost of goods sold	-8,910	-6,639	-23,182	-18,744	-26,401	-30,839
Gross profit	4,274	3,636	12,469	10,475	14,510	16,504
Sales costs	-1,531	-1,159	-4,081	-3,288	-4,443	-5,236
Administration costs	-513	-442	-1,714	-1,382	-1,940	-2,272
Research and development costs	-329	-251	-970	-808	-1,159	-1,321
Other operating income	144	193	511	544	910	877
Other operating costs	-359	-348	-1,534	-1,266	-1,828	-2,096
Share of result in joint ventures	0	26	24	64	76	36
Operating income	1,686	1,655	4,705	4,339	6,126	6,492
Dividends and other financial income and costs	1	1	3	34	35	4
Interest income and financial exchange rate gains	114	-42	214	243	362	333
Interest expense and financial exchange rate losses	-220	-47	-505	-335	-381	-551
Result after financial items	1,581	1,567	4,417	4,281	6,142	6,278
Taxes	-356	-341	-1,108	-958	-1,341	-1,491
Net income for the period	1,225	1,226	3,309	3,323	4,801	4,787
Other comprehensive income:						
Items that will subsequently be reclassified to net income						
Cash flow hedges	-504	-239	-1,237	-394	-434	-1,277
Translation difference	957	292	2,425	995	1,681	3,111
Deferred tax on other comprehensive income	152	45	345	55	66	356
Sum	605	98	1,533	656	1,313	2,190
Items that will subsequently not be reclassified to net income						
Revaluations of defined benefit obligations	60	50	180	150	567	597
Market valuation of external shares	0	-26	-14	152	357	191
Deferred tax on other comprehensive income	-16	-13	-75	-39	-141	-177
Sum	44	11	91	263	783	611
Comprehensive income for the period	1,874	1,335	4,933	4,242	6,897	7,588
Net income attributable to:						
Owners of the parent	1,207	1,217	3,264	3,297	4,759	4,726
Non-controlling interests	18	9	45	26	42	61
Earnings per share (SEK)	2.92	2.91	7.89	7.87	11.38	11.41
Average number of shares*	413,370,509	417,559,472	413,742,003	418,678,210	418,021,440	414,327,980
Comprehensive income attributable to:						
Owners of the parent	1,847	1,320	4,855	4,202	6,834	7,487
Non-controlling interests	27	15	78	40	63	101

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

Consolidated financial position

SEK millions	Sep 30		Dec 31
	2022	2021	2021
ASSETS			
Non-current assets			
Intangible assets	31,788	25,366	25,921
Property, plant and equipment	10,052	8,605	9,075
Other non-current assets	2,622	3,679	3,216
	44,462	37,650	38,212
Current assets			
Inventories	14,764	10,224	10,525
Assets held for sale	29	52	25
Accounts receivable	8,978	6,541	6,738
Other receivables	7,564	5,312	4,756
Derivative assets	516	417	458
Other current deposits	388	302	291
Cash and cash equivalents *	3,932	2,952	3,356
	36,171	25,800	26,149
TOTAL ASSETS	80,633	63,450	64,361
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Owners of the parent	33,810	29,963	32,096
Non-controlling interests	326	217	248
	34,136	30,180	32,344
Non-current liabilities			
Liabilities to credit institutions etc.	13,142	3,036	3,059
Lease liabilities	1,710	1,764	1,453
Provisions for pensions and similar commitments	1,443	2,410	1,907
Provision for deferred tax	2,110	1,533	1,838
Other non-current liabilities	825	578	475
	19,230	9,321	8,732
Current liabilities			
Liabilities to credit institutions etc.	1,801	5,784	5,185
Accounts payable	4,466	2,923	3,502
Advances from customers	6,901	5,162	4,824
Other provisions	1,929	2,056	1,811
Other liabilities	10,939	7,871	7,757
Derivative liabilities	1,231	153	206
	27,267	23,949	23,285
Total liabilities	46,497	33,270	32,017
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	80,633	63,450	64,361

* 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	Sep 30		Dec 31
	level	2022	2021	2021
Financial assets				
Other non-current securities	1 and 2	286	1,700	1,231
Bonds and other securities	1	101	114	118
Derivative assets	2	560	466	514
Financial liabilities				
Derivative liabilities	2	1,569	198	269

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.

Borrowings and net debt

	Sep 30		Dec 31
SEK millions	2022	2021	2021
Credit institutions	335	167	69
Swedish Export Credit	2,190	-	-
Handelsbanken	1,095	-	-
Commercial papers	1,491	500	-
Corporate bonds	9,832	8,153	8,175
Lease liabilities	2,611	2,328	2,427
Total debt	17,554	11,148	10,671
Cash and cash equivalents and current deposits	-4,320	-3,254	-3,647
Net debt *	13,234	7,894	7,024

* Alternative performance measure.

On August 1, 2022 Alfa Laval has raised:

- two loans of EUR 100 million from Svensk Exportkredit that matures in 2027 and 2028 respectively and
- one loan of EUR 100 million from Svenska Handelsbanken that matures in 2024, with a possibility to extend it for another year.

Alfa Laval has a revolving credit facility of EUR 700 million corresponding to SEK 7,678 million on September 30, 2022 with a banking syndicate. The facility has a maturity of five years from April 2022 with a possibility to extend it for another year and it includes a possibility to increase by EUR 200 million. The facility was not utilised on September 30, 2022. The commercial paper programme of SEK 4,000 million, was utilised with SEK 1,500 million at September 30, 2022.

On September 30, 2022, Alfa Laval has three tranches of corporate bonds listed on the Irish stock exchange, each of EUR 300 million that matures in June 2024, in February 2026 and in February 2029 respectively. The tranche of EUR 500 million that would have matured in September 2022 was repaid already in June 2022.

Changes in consolidated equity

	Jan-Sep		Jan-Dec
SEK millions	2022	2021	2021
At the beginning of the period	32,344	29,071	29,071
Changes attributable to:			
Owners of the parent			
Comprehensive income			
Comprehensive income for the period	4,855	4,202	6,834
Transactions with shareholders			
Repurchase of shares	-661	-840	-1,339
Cancellation of repurchased shares	-15	-	-
Bonus issue of shares	15	-	-
Dividends	-2,480	-2,307	-2,307
	-3,141	-3,147	-3,646
Subtotal	1,714	1,055	3,188
Non-controlling interests			
Comprehensive income			
Comprehensive income for the period	78	40	63
Transactions with shareholders			
Non-controlling interests in acquired companies	-	16	24
Dividends	-	-2	-2
	-	14	22
Subtotal	78	54	85
At the end of the period	34,136	30,180	32,344

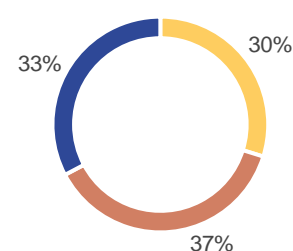
Condensed segment reporting per quarter



Orders received

	2022			2021				2020
SEK millions	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Energy	4,583	4,496	3,808	3,362	3,659	3,553	3,101	2,760
Food & Water	5,611	5,033	5,652	4,139	4,241	4,554	3,730	3,723
Marine	5,008	4,892	3,795	4,150	3,780	4,076	3,373	2,789
Operations & Other	0	0	0	0	0	0	0	0
Total	15,202	14,421	13,255	11,651	11,680	12,183	10,204	9,272

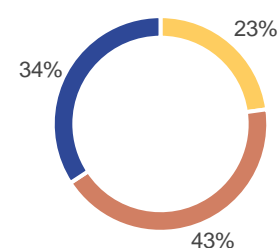
Last 12 months



Order backlog

	2022			2021				2020
SEK millions	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Energy	8,582	7,625	6,669	5,791	5,969	5,436	5,006	4,740
Food & Water	16,158	10,169	9,146	6,823	7,044	6,458	5,363	5,056
Marine	12,870	11,712	10,829	10,340	9,927	9,586	8,891	9,173
Operations & Other	0	0	0	0	0	0	0	0
Total	37,610	29,506	26,644	22,954	22,940	21,480	19,260	18,969

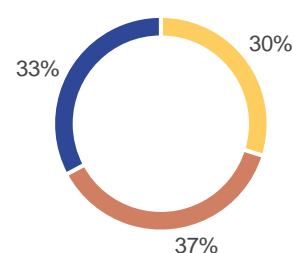
September 30, 2022



Net sales

	2022			2021				2020
SEK millions	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Energy	3,726	3,639	3,209	3,556	3,146	3,123	2,558	3,247
Food & Water	5,402	4,140	3,742	4,388	3,678	3,458	3,116	3,764
Marine	4,056	4,073	3,664	3,748	3,451	3,394	3,295	3,684
Operations & Other	0	0	0	0	0	0	0	0
Total	13,184	11,852	10,615	11,692	10,275	9,975	8,969	10,695

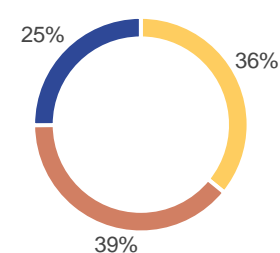
Last 12 months



Operating income*

	2022			2021				2020
SEK millions	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Energy	694	665	697	581	479	481	356	464
Food & Water	792	674	639	767	699	641	530	702
Marine	324	530	390	600	558	556	497	775
Operations & Other	-113	-121	-122	-141	-99	-121	-80	-155
Total	1,697	1,748	1,604	1,807	1,637	1,557	1,303	1,786

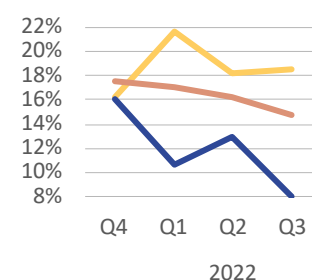
Last 12 months



Operating margin*

	2022			2021				2020
%	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Energy	18.6	18.3	21.7	16.3	15.2	15.4	13.9	14.3
Food & Water	14.7	16.3	17.1	17.5	19.0	18.5	17.0	18.7
Marine	8.0	13.0	10.6	16.0	16.2	16.4	15.1	21.0
Total	12.9	14.7	15.1	15.5	15.9	15.6	14.5	16.7

Per quarter



* In management accounts, see reconciliation on page 12.

Parent company

The parent company's result after financial items for the first nine months 2022 was SEK 58 (671) million, out of which dividends from subsidiaries SEK 62 (682) million, net interests SEK -0 (-) million, realised and unrealised exchange rate gains and losses SEK 2 (0) million, costs related to the listing SEK -4 (-4) million, fees to the Board SEK -7 (-7) million, cost for annual report and annual general meeting SEK -0 (-1) million and other operating income and operating costs the remaining SEK 5 (1) million.

Parent company income *

SEK millions	Q3		Jan-Sep		Jan-Dec
	2022	2021	2022	2021	2021
Administration costs	-4	-3	-11	-12	-15
Other operating income	5	0	7	1	0
Other operating costs	-1	0	-2	0	-1
Operating income	0	-3	-6	-11	-16
Revenues from interests in group companies	-	-	62	682	682
Interest income and similar result items	1	0	2	0	0
Interest expenses and similar result items	0	-	0	0	0
Result after financial items	1	-3	58	671	666
Change of tax allocation reserve	-	-	-	-	-423
Group contributions	-	-	-	-	1,896
Result before tax	1	-3	58	671	2,139
Tax on this year's result	0	0	1	2	-303
Net income for the period	1	-3	59	673	1,836

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

Parent company financial position

SEK millions	Sep 30		Dec 31
	2022	2021	2021
ASSETS			
Non-current assets			
Shares in group companies	4,669	4,669	4,669
Current assets			
Receivables on group companies	5,844	7,890	9,218
Other receivables	392	280	75
Cash and cash equivalents	0	59	21
	6,236	8,229	9,314
TOTAL ASSETS	10,905	12,898	13,983
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Restricted equity	2,387	2,387	2,387
Unrestricted equity	5,625	8,044	8,707
	8,012	10,431	11,094
Untaxed reserves			
Tax allocation reserves, taxation 2016-2022	2,871	2,447	2,871
Current liabilities			
Liabilities to group companies	22	20	14
Accounts payable	0	-	1
Other liabilities	-	-	3
	22	20	18
TOTAL EQUITY AND LIABILITIES	10,905	12,898	13,983

Owners and shares

Owners and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 51,856 (43,274) shareholders on September 30, 2022. The largest owner is Tetra Laval International SA, Switzerland, who owns 29.5 (29.1) percent. The increase compared to last year is due to the cancellation of repurchased shares that was made on May 16, 2022. Next to the largest owner, there are nine institutional investors with ownership in the range of 7.5 to 1.4 percent. These ten largest shareholders owned 63.9 (60.2) percent of the shares.

Repurchase of shares

The Annual General Meeting 2021 mandated the Board to decide on repurchase of up to 5 percent of the issued shares with the purpose to cancel the repurchased shares and reduce the share capital.

Specification of repurchase of shares	2021			2022		
	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Total
Number of repurchased shares	1,153,000	1,500,320	1,407,680	1,726,992	342,008	6,130,000
Percentage of outstanding shares	0.27%	0.36%	0.34%	0.41%	0.08%	1.46%
Cash-out and decrease in parent company and consolidated equity (SEK millions)	330	510	499	539	122	2,000

Cancellation of repurchased shares and a corresponding bonus issue

On March 18, 2022 when the notice to the Annual General Meeting was sent the number of repurchased shares was 5,579,492. The Annual General Meeting 2022 decided to cancel these repurchased shares. Cancellation of the shares means that the share capital will decrease with SEK 15 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, 2022	419,456,315
Cancellation of re-purchased shares at May 16, 2022	-5,579,492
Number of shares at September 30, 2022	413,876,823

This means that 550,508 shares repurchased in the period March 21, 2022 to April 25, 2022 under the old mandate are left to be cancelled by the Annual General Meeting 2023.

Share buy-back program

The Annual General Meeting 2022 mandated the Board to decide on repurchase of up to 5 percent of the issued shares with the purpose to cancel the repurchased shares and reduce the share capital at the Annual General Meeting 2023. The reduction of the share capital will be met by a corresponding bonus issue without issuing any new shares so that the size of the share capital is restored.

No shares have been repurchased under this new mandate in 2022.

Nomination Committee for the Annual General Meeting 2023

The Nomination Committee for the Annual General Meeting 2023 has now been appointed by the largest shareholders of Alfa Laval AB and consists of the following members:

Jörn Rausing (Chairman of the Committee, Tetra Laval),
Anna Magnusson (Alecta Tjänstepension Ömsesidigt),
Lennart Francke (Swedbank Robur Fonder),
Anders Oscarsson (AMF-Försäkring och Fonder) and
Javiera Ragnartz (SEB Fonder).

In addition, Dennis Jönsson, Chairman of the Board of Alfa Laval AB, will be part of the Nomination Committee.

The Annual General Meeting of Alfa Laval AB will be held in Lund, Sweden, on Tuesday April 25, 2023, at 16.00 (CET).

Shareholders who wish to submit proposals for the Nomination Committee in preparation of the Annual General Meeting can turn to the Chairman of the Board of Alfa Laval AB, Dennis Jönsson or to the other shareholder representatives. Contact can also be made directly via E-mail to: valberedningen@alfalaval.com.

Acquisitions of businesses

On September 13, 2022 Alfa Laval announced that it has acquired BunkerMetric, a Scandinavian software company that develops advanced decision support tools for marine bunker vessels. The acquisition is part of Alfa Laval's strategy to expand its digital marine service offering and will be part of the recently acquired StormGeo, a global leader in weather intelligence software and decision support services. BunkerMetric, headquartered in Denmark, supports ship operators in finding the best bunker procurement plan and improving voyage margins by using sophisticated algorithms. The optimization tools, together with StormGeo's advanced route services, will enable ship owners to streamline operations to help them improve their bottom line. BunkerMetric's procurement optimization tool will become a subscription service within StormGeo's existing offering.

On August 31, 2022 Alfa Laval announced that it has closed the acquisition of Scanjet, a leading global supplier of tank cleaning equipment and solutions for marine, offshore and industrial applications. The acquisition will extend Alfa Laval's broad tanker offering, creating a more comprehensive product portfolio for cargo tanks. Scanjet's intelligent tank management solutions will be a valuable complement to Alfa Laval's sustainable marine offering as they reduce the water usage and energy consumption connected with tank cleaning. Adding Scanjet to Alfa Laval's portfolio will support customer efficiency at every stage of cargo handling. Scanjet employs about 150 people and has global presence with factories in Sweden, Poland and Indonesia, and a turnover of about SEK 300 million (FY 2022FC).

On August 2, 2022 Alfa Laval announced that it has closed the acquisition of Desmet, part of the Desmet Ballestra Group, a world leader in engineering and supplying processing plants and technologies for edible oils and biofuel sectors. The acquisition will strengthen Alfa Laval's position in the renewable energy arena and complement its offering within edible oils. Headquartered in Brussels, Belgium, Desmet employs around 1,000 people in Europe, India, Southeast Asia, North America and Latin America. The business to be acquired, currently a part of the Desmet Ballestra Group, had a turnover of approximately EUR 300 million in 2021. The operational units and brands of Rosedowns and Stolz are included in the transaction. The Desmet Ballestra Group is currently owned by Financière DSBG, and ultimately controlled by Kartesia and Farallon. The acquisition will operate as a stand-alone entity within the Food & Water Division of Alfa Laval. It strengthens Alfa Laval's position in the markets for edible oils, biofuels, and plant- and animal-based proteins for food and feed. The acquisition will have a positive impact on earnings per share and be marginally decreative to Alfa Laval's EBITA margin. "The acquisition will be an excellent fit for our offering of specialized processing equipment designed to increase both yield and quality of customers' end products," says Tom Erixon, President and CEO of Alfa Laval. "It will add know-how and expertise to accelerate future innovations within food, feed and biofuels – and strengthen our ability to support the transformation towards renewable fuels."

Risks and other

Material factors of risk and uncertainty

The main factors of risk and uncertainty facing the Group concern the price development of metals, fluctuations in major currencies and the business cycle. It is the company's opinion that the description of risks made in the Annual Report for 2021 is still correct.

When it comes to the global material and freight constraints that emerged during 2021, the following can be highlighted. Alfa Laval has a global footprint with 37 major manufacturing units across Europe, Asia, the US and Latin America. The company has well-established business continuity plans and a global supply chain with alternative sourcing solutions for most products and services and close collaboration with key suppliers. Sub-suppliers have from time to time also during the first nine months 2022 experienced shortages of mainly sourced semiconductors for control panels but also electronics for engines. Due to lockdowns in China related to COVID-19 and the ongoing war in Ukraine, the risk for continued material and freight constraints is large.

Russia's war on Ukraine

Alfa Laval has 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, 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 733 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 now under sanctions have been removed from the order backlog. Alfa Laval's possibilities to deliver are further affected if transportation into Russia can be arranged and if our sub-suppliers set restrictions on where we can deliver products with their components.

If revenue recognition over time has started for an order that now has been removed from the order backlog, then the net invoicing and cost of goods sold have been reversed, unless the amount is covered by a non-refundable advance payment.

If orders have been removed from the order backlog, then Alfa Laval has also made provisions for:

- The value of work in progress and finished goods for these orders, if the products cannot be sold to other customers within reasonable time and with reasonable margin.
- The value of material and components that are intended for these orders, if the material and the components cannot be used for products to other customers within reasonable time and with a reasonable final margin.
- Costs for cancellation fees that can hit Alfa Laval if we cancel order that we cannot deliver or get paid for.

If we still think that we can deliver and get paid, we have made provisions for accrued costs for late delivery fees.

Concerning receivables related to past deliveries, we have made provisions for:

- Accounts receivable related to orders concerning Russia and Ukraine that we do not believe we will get paid for.
- Expected foreign exchange losses if the customer cannot pay in the contractually stipulated currency (USD, EUR etc), but only in Russian roubles.

Concerning advance payments, we have made provisions for the value of advance payments made by Alfa Laval to suppliers in Russia and Ukraine and where we do not expect any delivery or the advance being repaid to us.

The total cost for these provisions amounts to SEK 327 million and has been reported as a comparison distortion item in the first quarter 2022.

Before the war, Alfa Laval had a competent team of approximately 230 employees in Russia and 10 employees in Ukraine. A restructuring programme has been communicated in Russia in July 2022, meaning that the number of personnel will be reduced to 85 until the end of October 2022. Alfa Laval will continue to assess the longer-term implications of the war on the Russian market. For this reason, no impairment tests have yet been performed concerning the property, plant and equipment in Russia. If an impairment loss is to be made going forward, the book value including right-of-use assets is less than SEK 30 million.

Consequences of COVID-19

Alfa Laval has global and local crisis teams in place for close monitoring and swift response to changes in the situation to secure the health and safety of our employees. As a result of successful vaccination programmes Alfa Laval has been able to step by step open up the offices again after the pandemic depending on the situation in each country. Current and possible future extensive lockdowns in China are a concern considering Alfa Laval's large manufacturing foot print in China.

Asbestos-related lawsuits

The Alfa Laval Group was as of September 30, 2022 named as a co-defendant in a total of 515 asbestos-related lawsuits with a total of approximately 515 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.

Accounting principles

The interim report for the third quarter 2022 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 2021 for definitions. Alfa Laval follows the Guidelines on Alternative Performance Measures issued by ESMA (European Securities and Markets Authority).

"Q3" and "Third quarter" refer to the period July 1 to September 30. "Jan-Sep" and "First nine months" refer to the period January 1 to September 30. "Jan-Dec" and "Full year" refer to the period January 1 to December 31. "Last 12 months" refers to the period October 1, 2021 to September 30, 2022. "The corresponding period last year" refers to the third quarter 2021 or the first nine months 2021 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.

The interim report has been issued at CET 7.30 on October 25, 2022 by the President and Chief Executive Officer Tom Erixon by proxy from the Board of Directors.

Lund, October 25, 2022,

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

Review report

Introduction

We have reviewed the summary interim financial information (the interim report) of Alfa Laval AB (publ) as of September 30, 2022 and the nine months' period then ended. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report, in all material aspects, is not prepared for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act and for the Parent company in accordance with the Swedish Annual Accounts Act.

Lund, October 25, 2022,

Staffan Landén

Authorised Public Accountant

Karoline Tedevall

Authorised Public Accountant



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Date for the next financial reports

Alfa Laval will publish financial reports at the following dates:

Fourth quarter and full year 2022 report	February 2, 2023
Interim report for the first quarter 2023	April 25, 2023
Interim report for the second quarter 2023	July 20, 2023

This information is information that Alfa Laval AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at CET 7.30 on October 25, 2022.

