

Q4 2021



Advancing better™

Record high order intake 2021

- Demand continued on high level across most end markets and geographies.
- Sustainability solutions remain the main growth driver.
- Strong growth in the service business.
- Net sales developed well with limited impact from challenges in the supply chain.
- Stable profitability despite cost inflation.

Outlook for the first quarter

“We expect demand in the first quarter to be higher than in the fourth quarter.”

Earlier published outlook (October 26, 2021):
“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 6.00 (5.50) per share and a mandate for repurchase of up to 5 percent of the issued shares to the Annual General Meeting.

The Q4 2021 report has been reviewed by the company's auditors, see page 26 for the review report.

Summary

SEK millions	Q4				Jan-Dec			
	2021	2020	%	% *	2021	2020	%	% *
Order intake	11,651	9,272	26	24	45,718	39,833	15	20
Net sales	11,692	10,695	9	9	40,911	41,468	-1	3
Adjusted EBITA **	1,992	1,969	1		7,114	7,231	-2	
- adjusted EBITA margin (%) **	17.0	18.4			17.4	17.4		
Result after financial items	1,861	924	101		6,142	4,977	23	
Net income for the period	1,478	564	162		4,801	3,580	34	
Earnings per share (SEK)	3.51	1.33	164		11.38	8.47	34	
Cash flow from operating activities	1,411	2,664	-47		5,264	7,723	-32	
Impact on adjusted EBITA of foreign exchange effects	50	20			-50	180		
Impact on result after financial items of comparison distortion items	-	-733			-192	-796		
Return on capital employed (%) **					20.0	19.1		
Net debt to EBITDA, times **					0.87	0.48		

* Excluding currency effects. ** Alternative performance measures.



Comment from

Tom Erixon

President and CEO

"The year finished strong in the fourth quarter with order intake growing 26 percent compared to last year and demand remained on a continued high level. The full year order intake reached a record level of SEK 45.7 billion with growth in almost all end markets and geographies.

The main growth driver for Alfa Laval continues to be the increasing demand for sustainability solutions for energy efficiency and decarbonization. Additionally, the contracting of new ships has accelerated in 2021 and is expected to reach around 2,000 ships, a significant increase compared to the last five years. After several years of low activity level in the oil & gas sector, order intake is growing also in this end market. Finally, service continued to show growth across the company in the fourth quarter and increased with 14 percent compared to last year.

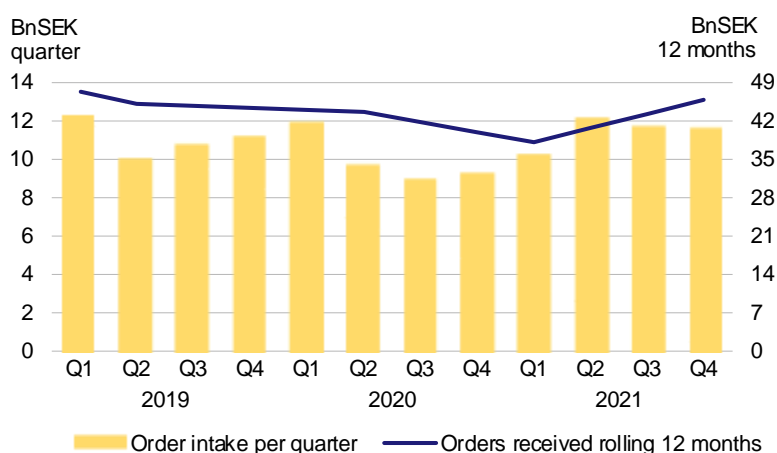
Despite high cost inflation, we reached an EBITA margin of 17 percent through higher volumes, operating efficiency and further reduced quality costs. The supply chain was stable in the quarter despite a challenging environment. Delayed deliveries due to component shortages remained on approximately the same level as earlier in the year. Sales & admin costs increased as the company is returning to pre-pandemic activity levels. The cost level still remains somewhat below 2019 thanks to the restructuring program and a strong productivity development in sales.

Market conditions are expected to remain favourable in the beginning of 2022. As a result, the demand in the first quarter is expected to increase sequentially from the already high level in the fourth quarter of 2021."

Tom Erixon,
President and CEO

Financial overview

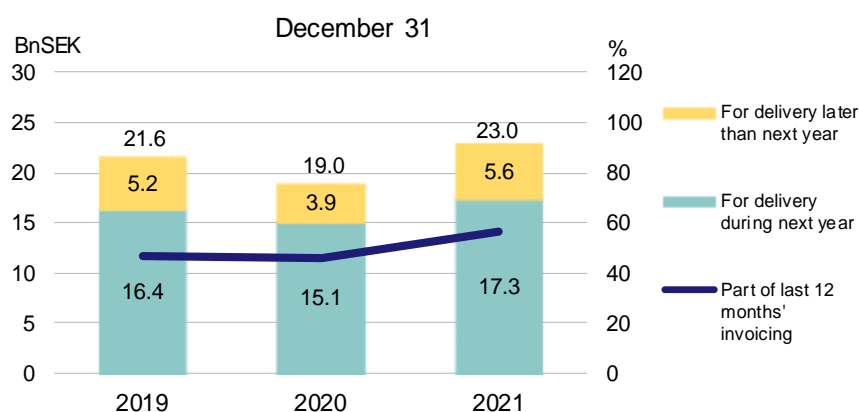
Order intake



Orders received was SEK 11,651 (9,272) million in the fourth quarter and SEK 45,718 (39,833) million in the full year 2021.

Orders received from Service constituted 29.1 (30.1) percent of the Group's total orders received during the fourth quarter and 28.1 (29.6) percent during the full year 2021.

Order backlog



Excluding currency effects and adjusted for acquisition and divestment of businesses the order backlog was 26.3 percent higher than the order backlog at the end of 2020.

Net sales

Net invoicing was SEK 11,692 (10,695) million for the fourth quarter and SEK 40,911 (41,468) million for the full year 2021.

Net invoicing relating to Service constituted 30.4 (29.8) percent of the Group's total net invoicing in the fourth quarter and 29.6 (28.7) percent in the full year 2021.

SEK millions/%	Order bridge	
	Q4	Jan-Dec
2020	9,272	39,833
Organic ¹⁾	22.1%	18.4%
Structural ¹⁾	2.1%	1.1%
Currency	1.5%	-4.7%
Total	25.7%	14.8%
2021	11,651	45,718

1) Change excluding currency effects.

SEK millions/%	Order bridge Service	
	Q4	Jan-Dec
2020	2,795	11,773
Organic ¹⁾	13.7%	10.8%
Structural ¹⁾	6.4%	3.6%
Currency	1.3%	-5.1%
Total	21.4%	9.3%
2021	3,394	12,864

1) Change excluding currency effects.

SEK millions/%	Sales bridge	
	Q4	Jan-Dec
2020	10,695	41,468
Organic ¹⁾	6.9%	1.6%
Structural ¹⁾	1.9%	1.1%
Currency	0.5%	-4.0%
Total	9.3%	-1.3%
2021	11,692	40,911

1) Change excluding currency effects.

SEK millions/%	Sales bridge Service	
	Q4	Jan-Dec
2020	3,193	11,898
Organic ¹⁾	5.5%	3.3%
Structural ¹⁾	5.7%	3.5%
Currency	0.4%	-4.7%
Total	11.6%	2.1%
2021	3,563	12,144

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	
	2021	2020	2021	2020
Net sales	11,692	10,695	40,911	41,468
Adjusted gross profit *	4,240	3,916	15,306	15,113
- adjusted gross margin (%) *	36.3	36.6	37.4	36.4
Expenses **	-1,938	-1,613	-7,001	-6,748
- in % of net sales	16.6	15.1	17.1	16.3
Adjusted EBITDA *	2,302	2,303	8,305	8,365
- adjusted EBITDA margin (%) *	19.7	21.5	20.3	20.2
Depreciation	-310	-334	-1,191	-1,134
Adjusted EBITA *	1,992	1,969	7,114	7,231
- adjusted EBITA margin (%) *	17.0	18.4	17.4	17.4
Amortisation of step-up values	-205	-202	-796	-855
Comparison distortion items	-	-733	-192	-796
Operating income	1,787	1,034	6,126	5,580

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

The gross profit in the fourth quarter has been affected positively by a higher sales volume and the mix between service and capital sales.

Sales and administration expenses were SEK 1,713 (1,473) million during the fourth quarter and SEK 6,383 (5,959) million during the full year 2021. The figures for the full year corresponded to 15.6 (14.4) percent of net sales. Excluding currency effects and acquisition/divestment of businesses, sales and administration expenses increased by 13.3 percent during the fourth quarter and by 7.6 percent during the full year 2021 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.

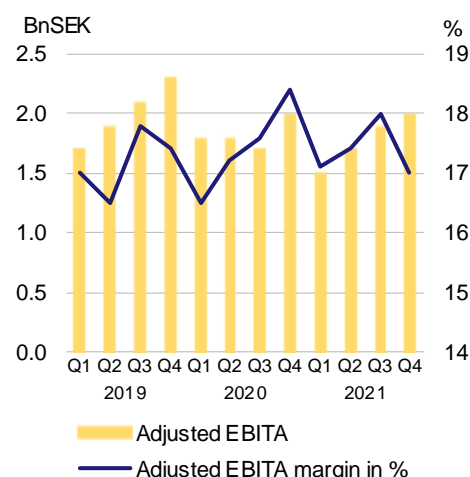
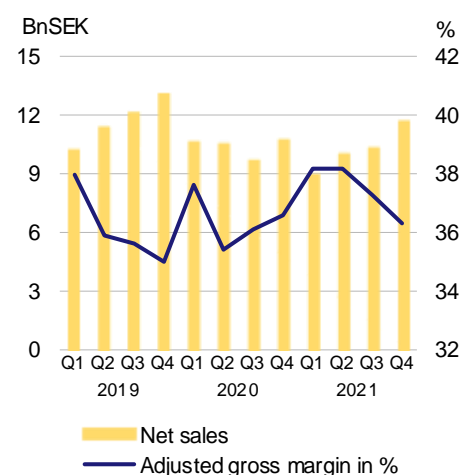
The costs for research and development during the full year 2021 corresponded to 2.8 (2.5) percent of net sales. Excluding currency effects and acquisition/divestment of businesses, the costs for research and development increased by 1.2 percent during the fourth quarter and by 6.3 percent during the full year 2021 compared to the corresponding periods last year.

Earnings per share was SEK 11.38 (8.47) for the full year 2021. The corresponding figure excluding amortisation of step-up values and the corresponding tax, was SEK 12.98 (10.12).

Comparison distortion items

SEK millions	Q4		Jan-Dec	
	2021	2020	2021	2020
Other operating income				
Comparison distortion items:				
- Realised gain on sale of businesses	-	-	3	-
- Realised gain on sale of properties	-	-	9	-
Other operating costs				
Comparison distortion items:				
- Realised loss on sale of businesses	-	8	-	-55
- Write down of goodwill	-	-360	-	-360
- Restructuring costs	-	-381	-204	-381
Net comparison distortion items	-	-733	-192	-796

The comparison distortion items during the full year 2021 are 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.



The realized loss in full year 2020 was relating to the divestment of the operations in DSO Fluid Handling Inc in the U.S. The write down of goodwill and the restructuring costs were part of the restructuring program that was announced on December 16, 2020 and that is described on page 26.

Consolidated financial net and taxes

The financial net for the full year 2021 was SEK -137 (-191) 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 -10 (-5) million, interest on the bilateral term loans of SEK -2 (-34) million, interest on the corporate bonds of SEK -83 (-82) million, interest on the commercial paper programme of SEK -0 (-) and a net of dividends, changes in fair value and other interest income and interest costs of SEK -42 (-70) million. The net of realised and unrealised exchange rate differences was SEK 153 (-412) million.

The tax on the result after financial items was SEK -383 (-360) million in the fourth quarter and SEK -1,341 (-1,397) million in the full year 2021.

Cash flow

During the full year 2021 cash flows from operating and investing activities were SEK 239 (6,665) million. The change is mainly explained by the acquisition of StormGeo, see below, but also by increased inventories to secure our ability to deliver.

Depreciation, excluding allocated step-up values, was SEK 1,191 (1,134) million during the full year 2021.

Acquisition of businesses during the full year 2021 amount to SEK -3,828 (-70) million. The figure for 2021 is mainly relating to the acquisition of StormGeo with SEK -3,588 million and the acquisition of LiftUP with SEK -207 million. In addition, StormGeo has acquired two small companies in Brazil for SEK -13 million and withheld purchase price has been paid for some earlier acquisitions with SEK -15 million. Furthermore, an additional purchase price for the acquisition of Aalborg AS has been paid with SEK -5 million. The figure for the full year 2020 was relating to the acquisition of Sandymount in the U.S. with SEK -52 million, the acquisition of a smaller operation in the Netherlands, WCR Benelux BV, with SEK -10 million and payment of withheld purchase price for the acquisition of Airec with SEK -8 million.

Divestment of businesses during the full year 2021 amount to SEK 8 (125) million. The figure for 2021 is relating to additional purchase price concerning the sale of the remaining air heat exchanger operation in India to LU-VE. The figure for 2020 was relating to divestment of the operations in DSO Fluid Handling Inc with SEK 6 million, payment of withheld purchase price for the sale of the commercial/industrial air heat exchangers business to the LU-VE Group with SEK 101 million and the sale of Alfa Laval Champ to Thermal Solutions Manufacturing with SEK 18 million.

Key figures

	Dec 31	
	2021	2020
Return on capital employed (%) ¹⁾	20.0	19.1
Return on equity (%) ²⁾	15.8	12.7
Solidity (%) ³⁾	50.3	47.8
Net debt to EBITDA, times ¹⁾	0.87	0.48
Debt ratio, times ¹⁾	0.22	0.13
Number of employees ⁴⁾	17,883	16,882

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 during 2021 is mainly explained by the acquisition of StormGeo, that added 519 employees as per June 30, 2021.



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.

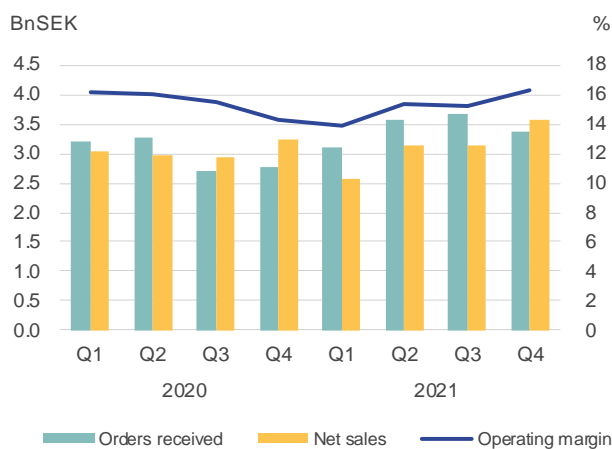
Focus is on increased energy efficiency, waste heat recovery and sustainable solutions.

- Strong demand for HVAC and energy efficiency solutions.
- Improved demand in oil & gas related industries.
- Service grew across most industries and geographical markets.
- Operating margin improved due to increased volumes and lower quality costs.

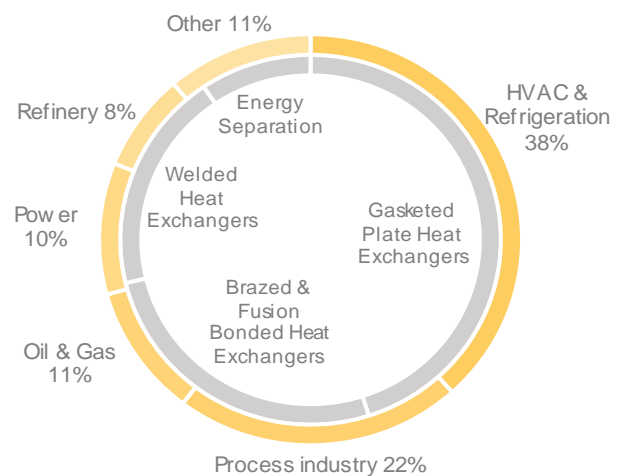
SEK millions	Q4		Jan-Dec	
	2021	2020	2021	2020
Orders received	3,362	2,760	13,675	11,952
Order backlog*	5,791	4,740	5,791	4,740
Net sales	3,556	3,247	12,383	12,187
Operating income**	581	464	1,897	1,882
Operating margin***	16.3%	14.3%	15.3%	15.4%
Depreciation and amortisation	114	125	433	452
Investments****	159	131	403	352
Assets*	13,262	12,726	13,262	12,726
Liabilities*	5,252	5,574	5,252	5,574
Number of employees*	5,126	5,111	5,126	5,111

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

Quarterly development



Order intake Jan-Dec 2021 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 strong growth in the fourth quarter compared to the same quarter last year. Demand remained high for energy efficiency solutions and investments were increasingly steered towards solutions reducing CO2 emissions. At the same time, most geographical markets saw a recovery from the pandemic and the service business developed in a positive way.

For the largest end market, HVAC** & refrigeration, order intake increased further from a record level in the previous quarter and was well above the same quarter last year driven by continued demand for heat pumps, heating & cooling and industrial & commercial refrigeration. Investments in heavy industry sectors like process industry as well as mining were contributing to order growth in the quarter. For all the above industries, the development was strong across most geographical markets. Much of the growth in these industries was coming from increased demand for clean energy and improved energy efficiency. Demand from customers in oil & gas related industries and in the refinery sector increased in the quarter, but in both cases volumes remained low compared to historic levels.

Aftermarket grew strongly in the quarter. A positive development was noted across almost all industries and across all geographical markets. Spare parts volumes continued to develop well and field service improved as restrictions were lifted, providing increased access to customer sites again.

Net sales

Net sales increased in the quarter and capital sales grew faster than aftersales. The overall positive development was mainly driven by strong performance in energy efficiency solutions, new growth areas and light industries.

Operating income

The operating income increased compared to the fourth quarter last year, mainly due to a positive volume effect and lower quality costs, partly mitigated by increased raw material costs and a higher share of capital sales. The overhead costs were unchanged, partly due to a low travel spend.

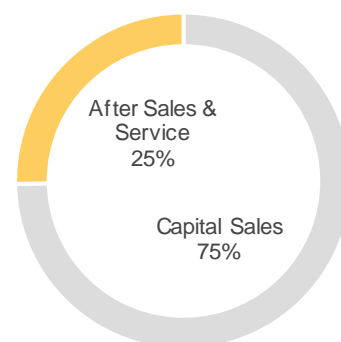
SEK millions/%	Order bridge	
	Q4	Jan-Dec
2020	2,760	11,952
Organic ¹⁾	20.5%	19.2%
Structural ¹⁾	-0.1%	0.0%
Currency	1.4%	-4.8%
Total	21.8%	14.4%
2021	3,362	13,675

1) Change excluding currency effects.

SEK millions/%	Sales bridge	
	Q4	Jan-Dec
2020	3,247	12,187
Organic ¹⁾	9.3%	5.9%
Structural ¹⁾	-0.1%	0.0%
Currency	0.3%	-4.3%
Total	9.5%	1.6%
2021	3,556	12,383

1) Change excluding currency effects.

Order intake Jan-Dec 2021 split on:



SEK millions	Income bridge	
	Q4	Jan-Dec
Operating income 2020	464	1,882
Volume ¹⁾	91	243
Mix ¹⁾	22	-127
Costs ¹⁾	1	-69
Currency	3	-32
Operating income 2021	581	1,897

1) Change excluding currency effects.

* Comments excluding currency effects.

** Heating, Ventilation & Air Conditioning.



Food & Water Division

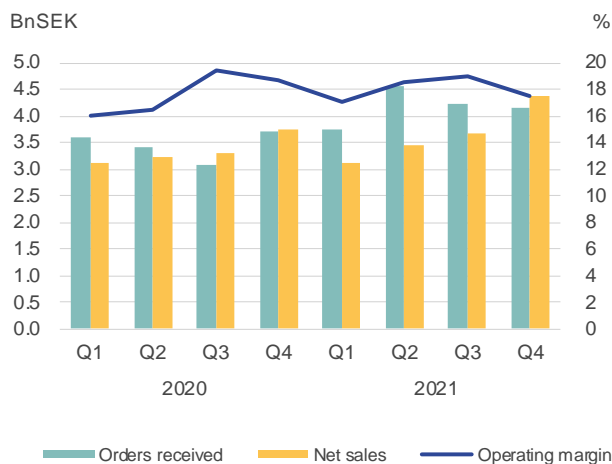
The division offers different types of products for heat transfer, separation and hygienic fluid handling and targets customers in food, pharmaceuticals, biotech, vegetable oils, brewery, dairy and body care products. In addition, the division focuses on public and industrial water treatment as well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

- Continued high order intake.
- Strong demand across all geographical regions and most end-markets.
- Good growth in service.
- Increased volumes could not fully compensate for negative mix effects.

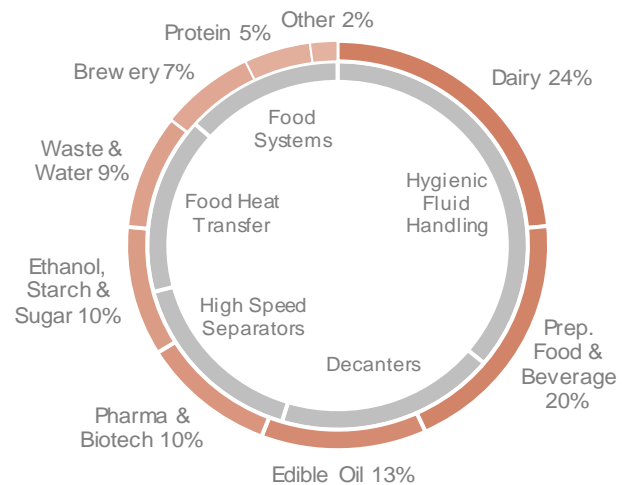
SEK millions	Q4		Jan-Dec	
	2021	2020	2021	2020
Orders received	4,139	3,723	16,664	13,814
Order backlog*	6,823	5,056	6,823	5,056
Net sales	4,388	3,764	14,640	13,414
Operating income**	767	702	2,637	2,371
Operating margin***	17.5%	18.7%	18.0%	17.7%
Depreciation and amortisation	91	113	360	384
Investments****	102	113	315	295
Assets*	11,714	11,226	11,714	11,226
Liabilities*	5,144	5,184	5,144	5,184
Number of employees*	6,670	6,215	6,670	6,215

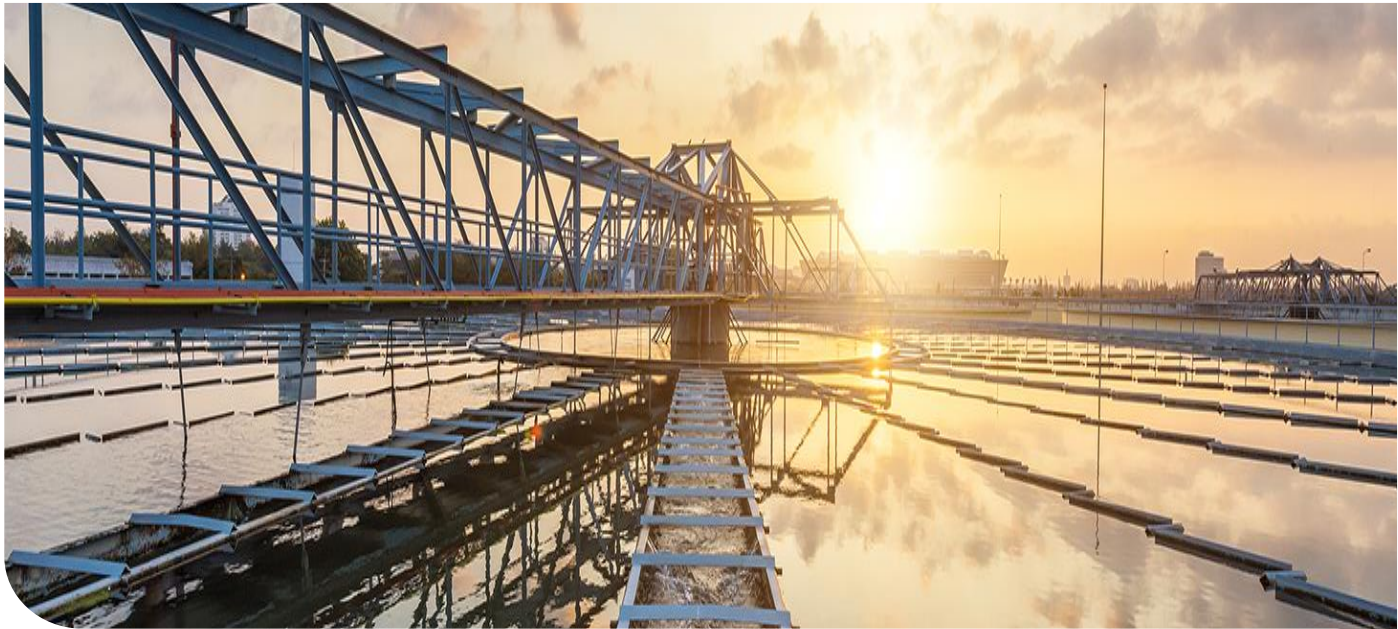
* At the end of the period. ** In management accounts. *** Operating income in relation to net sales. **** Excluding new leases.

Quarterly development



Order intake Jan-Dec 2021 split per end market/business unit





Order intake*

The growth in the fourth quarter was good compared to the same quarter last year. Similar to previous quarters during the year, growth was driven by not only the short lead time transactional business, but also larger orders with more configured components and projects. This was reflected by growth in all regions, as a result from continued good underlying demand and a recovery from a somewhat more uncertain investment climate during the initial phase of the pandemic.

Most end-markets grew. Dairy reported strong order intake, driven by both replacement investments and larger capacity investments. The strong demand in the pharma and biotech market continued, with growth across most regions and China in particular. Drivers were an overall high demand, with a continued emphasis of securing national supply chains. The brewery industry showed good growth with especially strong development in Asia, but capacity related projects still constituted a limited part of the business. Ethanol, starch & sugar grew, driven by a strong demand in the sugar industry. The ethanol market was stable, not least in North America, as higher crude oil prices make ethanol more attractive as alternative fuel. The order intake for edible oil was below last year mainly due to fewer large orders.

The demand in the aftermarket grew. Double digit growth was noted in almost all end markets, except for pharma & biotech and brewery. Growth was slightly higher for spare parts than for the repair and service businesses.

Net sales

Net sales in the quarter were higher than last year. Capital sales grew at a stronger pace than after sales. The growth was driven by both a recovery in the project business and a strong development in the more transactional business. End market wise, the highest increase was noted in edible oil and brewery, whereas pharma & biotech as well as dairy both reported good growth. All regions grew and the most significant growth was noted in Asia and particularly in China.

Operating income

The operating income increased compared to last year, driven by a positive volume effect. A high factory load also contributed positively whereas the mix between product groups and geographies and a stronger growth for new sales than for after sales overall gave a negative mix effect. Overhead cost increased following a high activity level.

* Comments excluding currency effects.

Order bridge

SEK millions/%	Q4	Jan-Dec
2020	3,723	13,814
Organic ¹⁾	9.8%	26.2%
Structural ¹⁾	-0.1%	-0.2%
Currency	1.5%	-5.4%
Total	11.2%	20.6%
2021	4,139	16,664

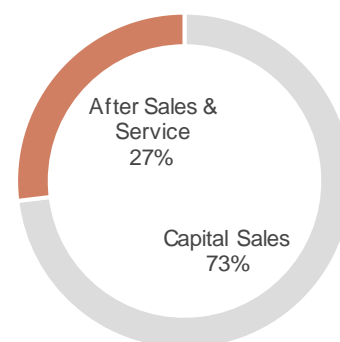
1) Change excluding currency effects.

Sales bridge

SEK millions/%	Q4	Jan-Dec
2020	3,764	13,414
Organic ¹⁾	16.0%	14.1%
Structural ¹⁾	-0.1%	-0.2%
Currency	0.7%	-4.8%
Total	16.6%	9.1%
2021	4,388	14,640

1) Change excluding currency effects.

Order intake Jan-Dec 2021 split on:



Income bridge

SEK millions	Q4	Jan-Dec
Operating income 2020	702	2,371
Volume ¹⁾	214	685
Mix ¹⁾	-114	-132
Costs ¹⁾	-46	-199
Currency	11	-88
Operating income 2021	767	2,637

1) Change excluding currency effects.



Marine Division

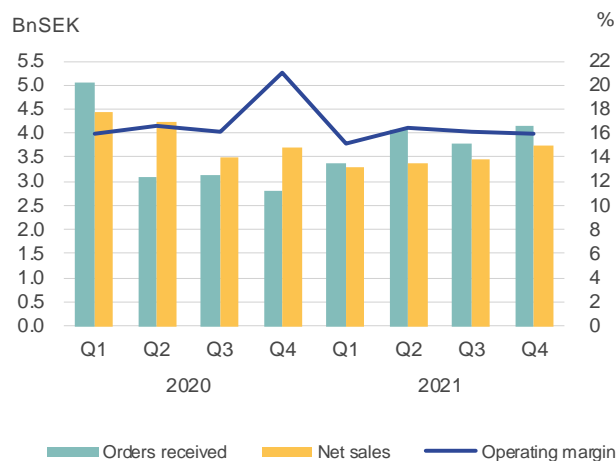
The division's customers include shipowners, shipyards, manufacturers of diesel and gas engines, as well as companies that work with offshore extraction of oil and gas. The offering includes pumping systems, boilers, heat transfer equipment, high speed separators and several different environmental products,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

- Improved demand in all product areas.
- Demand for PureBallast remained on a high level.
- Service improved as demand grew in both shipping and offshore.
- Operating margin was lower due to a negative product mix.

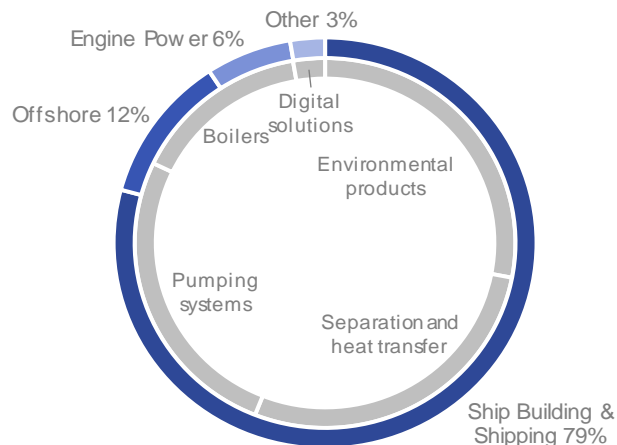
SEK millions	Q4		Jan-Dec	
	2021	2020	2021	2020
Orders received	4,150	2,789	15,379	14,067
Order backlog*	10,340	9,173	10,340	9,173
Net sales	3,748	3,684	13,888	15,867
Operating income**	600	775	2,211	2,758
Operating margin***	16.0%	21.0%	15.9%	17.4%
Depreciation and amortisation	221	202	840	814
Investments****	107	40	250	137
Assets*	28,718	24,086	28,718	24,086
Liabilities*	6,317	6,695	6,317	6,695
Number of employees*	4,932	4,489	4,932	4,489

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

Quarterly development



Order intake Jan-Dec 2021 split per end market/business unit





Order intake*

Order intake for the Marine Division increased compared to the same quarter last year. Growth was driven by stronger demand across all product areas and improved activity in the service business.

The underlying market sentiment related to the building of new vessels was on a higher level compared to the same quarter last year. Similar to previous quarters in 2021, new contracting was primarily driven by container vessels, gas carriers and bulk carriers. The overall demand for environmental solutions remains positive. Demand for PureBallast remained on a high level as the regulatory compliance deadline for a majority of the shipowners is drawing closer. Demand for Alfa Laval exhaust gas cleaning systems remains stable and was mainly related to new building vessels. The demand for the PureCool system, a solution aiming to reduce methane slip, is growing at a good rate, albeit from a low level. Order intake for offshore increased and the underlying market sentiment in this area remains strong due to higher oil prices.

Order intake for service improved compared to the same quarter last year. Growth was driven by higher activity levels in both shipping and offshore that had a positive impact on service demand and from the addition of StormGeo. Reduced travel restrictions allowed for increased on-board maintenance with a consequently higher demand for spares and service.

Net sales

Net sales in the fourth quarter were somewhat higher than last year, mainly driven by a good growth for service and environmental solutions in combination with the acquisition of StormGeo.

Operating income

The operating income decreased in the fourth quarter compared to the corresponding quarter last year. Net sales were slightly higher than last year, but with a less favourable product mix. The cost level was higher than last year due to the inclusion of StormGeo, increased overhead cost because of a higher activity level and higher royalty costs for PureBallast.

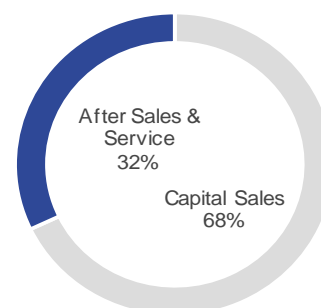
SEK millions/%	Order bridge	
	Q4	Jan-Dec
2020	2,789	14,067
Organic ¹⁾	39.8%	10.3%
Structural ¹⁾	7.3%	3.2%
Currency	1.7%	-4.2%
Total	48.8%	9.3%
2021	4,150	15,379

1) Change excluding currency effects.

SEK millions/%	Sales bridge	
	Q4	Jan-Dec
2020	3,684	15,867
Organic ¹⁾	-4.1%	-12.2%
Structural ¹⁾	5.5%	2.9%
Currency	0.3%	-3.2%
Total	1.7%	-12.5%
2021	3,748	13,888

1) Change excluding currency effects.

Order intake Jan-Dec 2021 split on:



SEK millions	Income bridge	
	Q4	Jan-Dec
Operating income 2020	775	2,758
Volume ¹⁾	14	-489
Mix ¹⁾	-19	262
Costs ¹⁾	-176	-292
Currency	6	-28
Operating income 2021	600	2,211

1) Change excluding currency effects.

* Comments 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	
	2021	2020	2021	2020
Orders received	0	0	0	0
Order backlog*	0	0	0	0
Net sales	0	0	0	0
Operating income**	-141	-155	-441	-629
Depreciation and amortisation	89	96	354	339
Investments***	106	172	261	448
Assets*	1,486	1,276	1,486	1,276
Liabilities*	801	522	801	522
Number of employees*	1,155	1,069	1,155	1,069

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

The improved operating income in 2021 is mainly due to the cost reduction program and reduced one-off costs.

Reconciliation between Divisions and Group total

SEK millions	Q4		Jan-Dec	
	2021	2020	2021	2020
Operating income				
Total for divisions	1,807	1,786	6,304	6,382
Comparison distortion items	-	-733	-192	-796
Consolidation adjustments *	-20	-19	14	-6
Total operating income	1,787	1,034	6,126	5,580
Financial net	74	-110	16	-603
Result after financial items	1,861	924	6,142	4,977
Assets **				
Total for divisions	55,180	49,314	55,180	49,314
Corporate ***	9,181	11,546	9,181	11,546
Group total	64,361	60,860	64,361	60,860
Liabilities **				
Total for divisions	17,514	17,975	17,514	17,975
Corporate ***	14,503	13,814	14,503	13,814
Group total	32,017	31,789	32,017	31,789

* 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 2021	Q4 2020
Scope of supply		SEK millions			
Energy					
Welded Heat Exchangers					
	Air coolers to a refinery in Norway.	2022	72		
	Packinox heat exchangers to a petrochemical refinery in India.	2023	80	152	-
Food & Water					
Food Systems					
				-	130
Decaners					
	Decaners to a wastewater treatment plant in Canada.	2025	80		
	Membrane systems to a biorefining manufacturing facility in Northern Europe.	2022	61	141	75
Marine					
Marine Separation & Heat Transfer Equipment					
	PureBallast systems for tanker vessels in the Middle East.	2022	58	58	-
Pumping Systems					
	Cargo pumps for an FPSO* vessel in Brazil.	2022	72		
	Sea water lift pumps for an FPSO* vessel in Brazil.	2022	96		
	Fire water pumps for a production platform in the Middle East.	2022	76		
	Gas compressors for a production platform in Norway.	2023	131		
	Cargo pumps for an FPSO* vessel in Brazil.	2022	136	511	-
Total				862	205

* Floating Production, Storage and Offloading.

Information about products and services

Net sales by product/service *

SEK millions	Q4		Jan-Dec	
	2021	2020	2021	2020
Own products within:				
Separation	2,074	2,094	7,107	7,116
Heat transfer	4,589	4,246	16,274	16,439
Fluid handling	2,544	2,291	9,291	9,156
Marine environmental	1,025	1,029	4,063	5,170
Other	0	0	0	1
Associated products	612	368	1,555	1,338
Services	848	667	2,621	2,248
Total	11,692	10,695	40,911	41,468

* 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 fourth quarter

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

Alfa Laval PlusClean

November saw the launch of the new Alfa Laval PlusClean® cleaning nozzle. This signalled a giant leap forward for hygienic tank cleaning technology and for Alfa Laval's tank cleaning portfolio. Paired with a top-mounted tank cleaning device, this revolutionary cleaning nozzle ensures 100% tank cleaning coverage. Perfect for the pharmaceutical, dairy, food, beverage, and home-personal care industries, the PlusClean eliminates product contamination while saving up to 80% in water and cleaning media costs. It is unmatched by other tank cleaning device in terms of tank cleaning efficiency, process safety and product quality.



Alfa Laval CM Connect

Alfa Laval CM Connect is a subscription-based condition monitor and cloud gateway. This remote access solution leverages digitalization to maximize rotating equipment process efficiency in hygienic applications. An intuitive dashboard enables users to access data on vibration, temperature and runtime using their internet-enabled personal computers and mobile devices. With complete visibility and asset management of connected devices anytime, anywhere, users can make informed maintenance decisions. The result is more uptime, protection of critical assets, improved workplace safety, time and cost savings and competitive advantages.



Innovative separation solutions for dairy processing

Alfa Laval has launched 52 new products with high separation efficiency for dairy applications rejuvenating the dairy separation portfolio. Based on Alfa Laval's unique Hermetic Design with our Alfa Laval technologies UniDisc™ and eMotion™ as options, the new models help reduce product loss while using up to 70% less energy than traditional top-fed centrifuges. This helps our dairy customers reduce both their costs and their environmental footprint.



Hydrogen precooling in refuelling stations

The Alfa Laval HyBloc™ range of PCHE's (Printed Circuit Heat Exchangers) offers a highly efficient and well-proven solution for precooling in hydrogen refuelling stations. These ultra-compact units help minimize filling times and dramatically reduce both space requirements and installation costs.



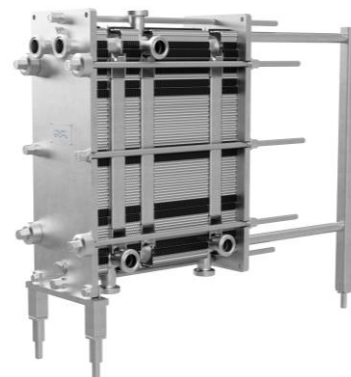
Alfa Laval MultiScrubber

The Alfa Laval MultiScrubber effectively reduces particulate matter, sulphur oxides and/or visible plume from flue gases using water. Possible applications include engine based power plants and boilers using fossil fuels or biomass. The MultiScrubber is easy to install, operate and maintain. It is also compact, providing significant cost savings. Proven and reliable, this scrubber is made of corrosion-resistant steel. Ideal for use in new and existing plants, it helps plants comply with emission limits and ensures more sustainable operations.

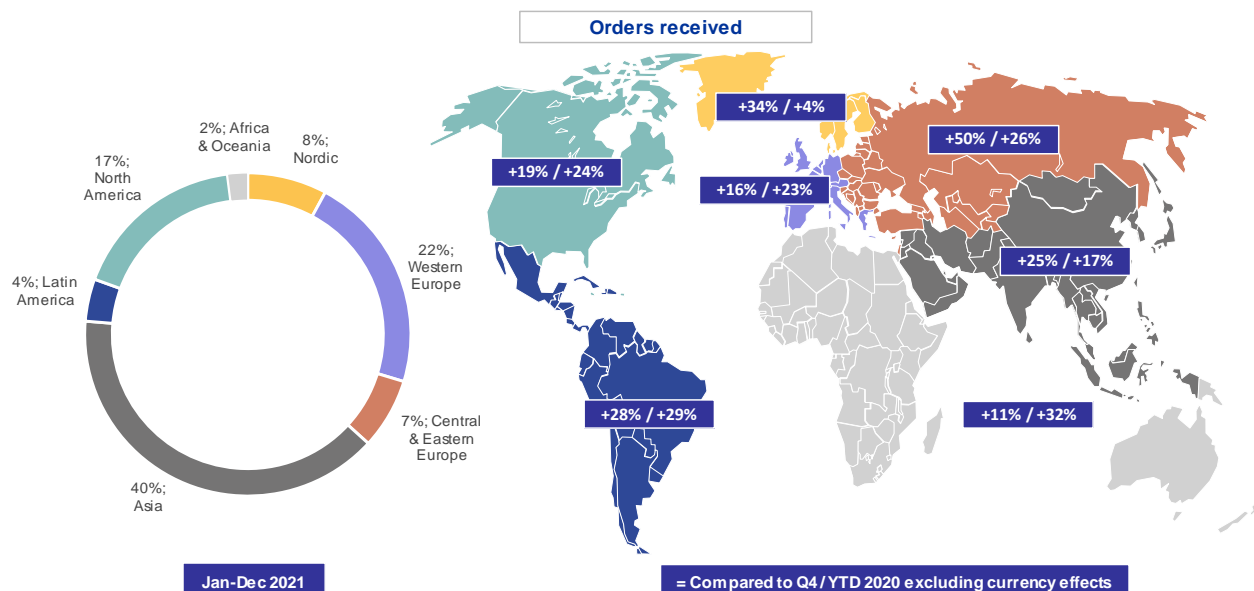


New Alfa Laval H4-P gasketed plate heat exchanger setting highest hygienic standards

During the development phase of the Alfa Laval H4-P gasketed plate heat exchanger, the focus was to meet the specific demands from customers in the dairy, beverage, brewery and pharmaceutical industries. The Alfa Laval H4-P is designed with the highest standards of hygiene in mind to ensure customers benefit from more hours of production and a quick, easy cleaning process. Its innovative plate pattern is not only the most hygienic, but it also increases efficiency in heating and cooling. This makes it possible to save energy and raw material.



Information by region



Western Europe including Nordic

The region showed growth in all three divisions, with particularly high demand in waste & water, pharmaceuticals & biotech, refineries, oil & gas, shipbuilding & marine transportation and engine power. Service order intake grew in all three divisions.

Central and Eastern Europe

Order intake in the region showed a strong increase in all three divisions compared to the same quarter last year, experiencing a high demand in waste & water, brewery, dairy, HVAC, refineries, shipbuilding & marine transportation and engine power. Service order intake grew in all three divisions.

North America

Order intake in North America showed a strong growth compared to the same quarter last year, driven by a high demand in major end markets such as waste & water, dairy, ethanol, starch and sugar, refineries, oil & gas and shipbuilding & marine transportation. Service order intake grew in all three divisions.

Latin America

The region reported a strong order growth compared to the same quarter last year. Demand was particularly high in waste & water, refineries, oil & gas, HVAC, shipbuilding & marine transportation and engine power. Order intake increased for service in all three divisions.

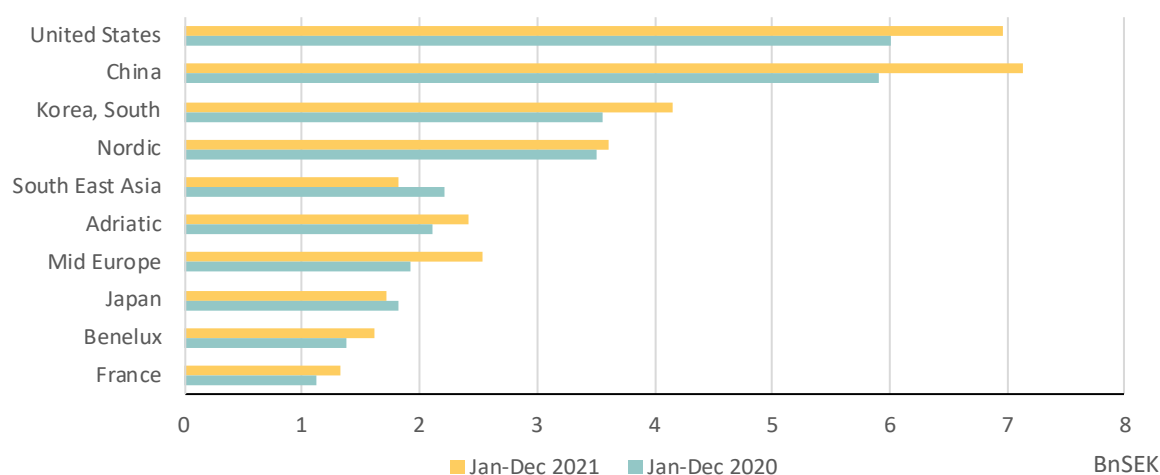
Asia

The region reported a strong order growth compared to same period last year, mainly as a result of high demand in pharmaceuticals & biotech, brewery, dairy, petrochemicals, manufacturing, HVAC, shipbuilding and marine transportation and engine power. Service order intake grew.

Africa and Oceania

The region reported a strong growth in order intake compared to the same quarter last year, supported by a high demand in waste & water, prepared food & beverages, refinery, HVAC, shipbuilding & marine transportation and engine power. Service order intake grew in the Food & Water Division.

Order intake for the 10 largest markets



Net sales

SEK millions	Q4		Jan-Dec	
	2021	2020	2021	2020
To customers in:				
Sweden	342	253	1,166	989
Other EU	2,796	2,900	9,837	11,205
Other Europe	1,278	866	4,182	3,247
USA	1,645	1,463	6,031	5,923
Other North America	213	193	763	946
Latin America	481	443	1,606	1,630
Africa	151	132	500	418
China	1,855	1,779	6,803	6,180
South Korea	902	746	3,160	3,456
Other Asia	1,886	1,777	6,346	6,984
Oceania	143	143	517	490
Total	11,692	10,695	40,911	41,468

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	
	2021	2020
Sweden	2,273	2,344
Denmark	4,847	4,806
Other EU	3,978	4,046
Norway	15,573	11,172
Other Europe	377	117
USA	3,692	3,343
Other North America	137	130
Latin America	269	202
Africa	8	9
Asia	3,788	3,523
Oceania	110	110
Subtotal	35,052	29,802
Other long-term securities	1,396	1,575
Pension assets	70	70
Deferred tax asset	1,694	1,791
Total	38,212	33,238

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 4.7 (4.7) percent of net sales.

Consolidated cash flows

SEK millions	Q4		Jan-Dec	
	2021	2020	2021	2020
Operating activities				
Operating income	1,787	1,034	6,126	5,580
Adjustment for depreciation, amortisation and write down	515	896	1,987	2,349
Adjustment for other non-cash items	-4	323	147	397
	2,298	2,253	8,260	8,326
Taxes paid	-318	-245	-1,599	-1,537
	1,980	2,008	6,661	6,789
Changes in working capital:				
Increase(-)/decrease(+) of receivables	-35	3	-591	1,409
Increase(-)/decrease(+) of inventories	158	761	-797	126
Increase(+)/decrease(-) of liabilities	-152	-317	480	-580
Increase(+)/decrease(-) of provisions	-540	209	-489	-21
Increase(-)/decrease(+) in working capital	-569	656	-1,397	934
	1,411	2,664	5,264	7,723
Investing activities				
Investments in fixed assets (Capex)	-474	-456	-1,229	-1,232
Divestment of fixed assets	0	26	24	119
Acquisition of businesses	-213	-52	-3,828	-70
Divestment of businesses	-	-	8	125
	-687	-482	-5,025	-1,058
Financing activities				
Received interests and dividends	19	13	79	76
Paid interests	-24	-41	-210	-260
Realised financial exchange gains	80	3	258	92
Realised financial exchange losses	29	-124	-82	-524
Repurchase of shares	-499	-	-1,339	-
Dividends to owners of the parent	-	-	-2,307	-
Dividends to non-controlling interests	0	0	-2	0
Increase(-) of financial assets	16	-1,196	-80	-3,460
Decrease(+) of financial assets	695	0	3,033	0
Increase of loans	-	-	1,000	2,000
Amortisation of loans	-648	-2,408	-2,431	-4,841
	-332	-3,753	-2,081	-6,917
Cash flow for the period	392	-1,571	-1,842	-252
Cash and cash equivalents at the beginning of the period	2,952	6,796	5,150	5,594
Translation difference in cash and cash equivalents	12	-75	48	-192
Cash and cash equivalents at the end of the period	3,356	5,150	3,356	5,150
Free cash flow per share (SEK) *	1.74	5.20	0.57	15.89
Capex in relation to net sales	4.1%	4.3%	3.0%	3.0%
Average number of shares	416,072,546	419,456,315	418,021,440	419,456,315

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

Consolidated comprehensive income

SEK millions	Q4		Jan-Dec	
	2021	2020	2021	2020
Net sales	11,692	10,695	40,911	41,468
Cost of goods sold	-7,657	-6,981	-26,401	-27,210
Gross profit	4,035	3,714	14,510	14,258
Sales costs	-1,155	-1,015	-4,443	-4,125
Administration costs	-558	-458	-1,940	-1,834
Research and development costs	-351	-279	-1,159	-1,039
Other operating income	366	322	910	819
Other operating costs	-562	-1,243	-1,828	-2,521
Share of result in joint ventures	12	-7	76	22
Operating income	1,787	1,034	6,126	5,580
Dividends and other financial income and costs	1	-2	35	26
Interest income and financial exchange rate gains	119	103	362	220
Interest expense and financial exchange rate losses	-46	-211	-381	-849
Result after financial items	1,861	924	6,142	4,977
Taxes	-383	-360	-1,341	-1,397
Net income for the period	1,478	564	4,801	3,580
Other comprehensive income:				
Items that will subsequently be reclassified to net income				
Cash flow hedges	-40	665	-434	744
Translation difference	686	-540	1,681	-2,454
Deferred tax on other comprehensive income	11	-157	66	-76
Sum	657	-32	1,313	-1,786
Items that will subsequently not be reclassified to net income				
Revaluations of defined benefit obligations	417	-216	567	-432
Market valuation of external shares	205	-125	357	-125
Deferred tax on other comprehensive income	-102	28	-141	87
Sum	520	-313	783	-470
Comprehensive income for the period	2,655	219	6,897	1,324
Net income attributable to:				
Owners of the parent	1,462	557	4,759	3,553
Non-controlling interests	16	7	42	27
Earnings per share (SEK)	3.51	1.33	11.38	8.47
Average number of shares	416,072,546	419,456,315	418,021,440	419,456,315
Comprehensive income attributable to:				
Owners of the parent	2,632	220	6,834	1,308
Non-controlling interests	23	-1	63	16

Consolidated financial position

SEK millions	Dec 31	
	2021	2020
ASSETS		
Non-current assets		
Intangible assets	25,921	21,284
Property, plant and equipment	9,075	8,321
Other non-current assets	3,216	3,633
	38,212	33,238
Current assets		
Inventories	10,525	9,223
Assets held for sale	25	55
Accounts receivable	6,738	5,834
Other receivables	4,756	4,153
Derivative assets	458	589
Other current deposits	291	2,618
Cash and cash equivalents *	3,356	5,150
	26,149	27,622
TOTAL ASSETS	64,361	60,860
SHAREHOLDERS' EQUITY AND LIABILITIES		
Equity		
Owners of the parent	32,096	28,908
Non-controlling interests	248	163
	32,344	29,071
Non-current liabilities		
Liabilities to credit institutions etc.	3,059	8,043
Lease liabilities	1,453	1,573
Provisions for pensions and similar commitments	1,907	2,494
Provision for deferred tax	1,838	1,553
Other non-current liabilities	475	686
	8,732	14,349
Current liabilities		
Liabilities to credit institutions etc.	5,185	1,125
Accounts payable	3,502	2,758
Advances from customers	4,824	4,381
Other provisions	1,811	1,757
Other liabilities	7,757	7,311
Derivative liabilities	206	108
	23,285	17,440
Total liabilities	32,017	31,789
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	64,361	60,860

* 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	
		2021	2020
Financial assets			
Other non-current securities	1 and 2	1,231	1,490
Bonds and other securities	1	118	1,447
Derivative assets	2	514	785
Financial liabilities			
Derivative liabilities	2	269	113

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

SEK millions	Dec 31	
	2021	2020
Credit institutions	69	120
Swedish Export Credit	-	1,008
Corporate bonds	8,175	8,040
Lease liabilities	2,427	2,235
Total debt	10,671	11,403
Cash and cash equivalents and current deposits	-3,647	-7,768
Net debt *	7,024	3,635

* Alternative performance measure.

Alfa Laval has a revolving credit facility of EUR 700 million corresponding to SEK 7,168 million on December 31, 2021 with a banking syndicate. The facility has a maturity of five years with a possibility to extend it for further two years and it includes a possibility to increase by EUR 200 million. The facility was not utilised on December 31, 2021. The commercial paper programme of SEK 2,000 million, was not utilised on December 31, 2021.

The corporate bonds are listed on the Irish stock exchange and consist of one tranche of EUR 500 million that matures in September 2022 and one tranche of EUR 300 million that matures in June 2024. The bilateral term loan of EUR 100 million from Swedish Export Credit matured on June 14, 2021 and has been repaid.

Changes in consolidated equity

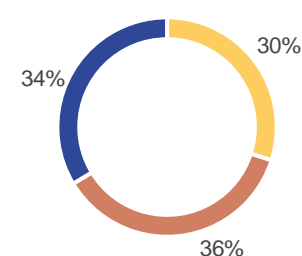
SEK millions	Jan-Dec	
	2021	2020
At the beginning of the period	29,071	27,747
Changes attributable to:		
Owners of the parent		
Comprehensive income		
Comprehensive income for the period	6,834	1,308
Transactions with shareholders		
Repurchase of shares	-1,339	-
Dividends	-2,307	-
	-3,646	-
Subtotal	3,188	1,308
Non-controlling interests		
Comprehensive income		
Comprehensive income for the period	63	16
Transactions with shareholders		
Non-controlling interests in acquired companies	24	-
Dividends	-2	0
	22	0
Subtotal	85	16
At the end of the period	32,344	29,071

Condensed segment reporting per quarter



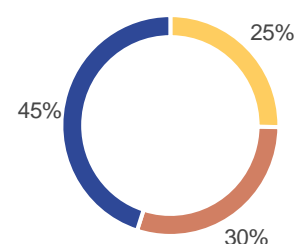
SEK millions	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Energy	3,362	3,659	3,553	3,101	2,760	2,716	3,279	3,197
Food & Water	4,139	4,241	4,554	3,730	3,723	3,083	3,396	3,612
Marine	4,150	3,780	4,076	3,373	2,789	3,136	3,074	5,068
Operations & Other	0	0	0	0	0	0	0	0
Total	11,651	11,680	12,183	10,204	9,272	8,935	9,749	11,877

Jan-Dec 2021



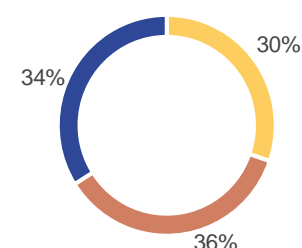
SEK millions	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Energy	5,791	5,969	5,436	5,006	4,740	5,301	5,631	5,397
Food & Water	6,823	7,044	6,458	5,363	5,056	5,170	5,491	5,405
Marine	10,340	9,927	9,586	8,891	9,173	10,198	10,751	12,058
Operations & Other	0	0	0	0	0	0	0	0
Total	22,954	22,940	21,480	19,260	18,969	20,669	21,873	22,860

December 31, 2021



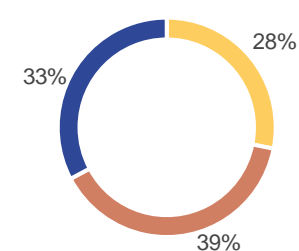
SEK millions	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Energy	3,556	3,146	3,123	2,558	3,247	2,922	2,979	3,039
Food & Water	4,388	3,678	3,458	3,116	3,764	3,291	3,241	3,118
Marine	3,748	3,451	3,394	3,295	3,684	3,515	4,235	4,433
Operations & Other	0	0	0	0	0	0	0	0
Total	11,692	10,275	9,975	8,969	10,695	9,728	10,455	10,590

Jan-Dec 2021



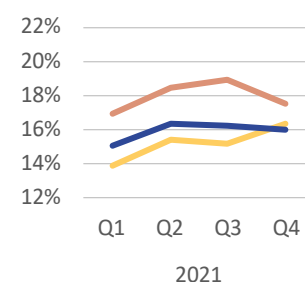
SEK millions	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Energy	581	479	481	356	464	454	476	488
Food & Water	767	699	641	530	702	638	533	498
Marine	600	558	556	497	775	570	705	708
Operations & Other	-141	-99	-121	-80	-155	-174	-141	-159
Total	1,807	1,637	1,557	1,303	1,786	1,488	1,573	1,535

Jan-Dec 2021



%	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Energy	16.3	15.2	15.4	13.9	14.3	15.5	16.0	16.1
Food & Water	17.5	19.0	18.5	17.0	18.7	19.4	16.4	16.0
Marine	16.0	16.2	16.4	15.1	21.0	16.2	16.6	16.0
Total	15.5	15.9	15.6	14.5	16.7	15.3	15.0	14.5

Per quarter



* In management accounts, see reconciliation on page 12.

Parent company

The parent company's result after financial items for the full year 2021 was SEK 666 (404) million, out of which dividends from subsidiaries SEK 682 (413) million, net interests SEK - (-0) million, realised and unrealised exchange rate gains and losses SEK 0 (-0) million, costs related to the listing SEK -4 (-4) million, fees to the Board SEK -10 (-8) million, cost for annual report and annual general meeting SEK -1 (-2) million and other operating income and operating costs the remaining SEK -1 (5) million.

Parent company income *

SEK millions	Q4		Jan-Dec	
	2021	2020	2021	2020
Administration costs	-3	-3	-15	-14
Other operating income	-1	-3	0	5
Other operating costs	-1	0	-1	0
Operating income	-5	-6	-16	-9
Revenues from interests in group companies	-	-	682	413
Interest income and similar result items	0	-1	0	0
Interest expenses and similar result items	-	1	0	0
Result after financial items	-5	-6	666	404
Change of tax allocation reserve	-423	205	-423	205
Group contributions	1,896	79	1,896	79
Result before tax	1,468	278	2,139	688
Tax on this year's result	-305	-65	-303	-64
Net income for the period	1,163	213	1,836	624

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

Parent company financial position

SEK millions	Dec 31	
	2021	2020
ASSETS		
Non-current assets		
Shares in group companies	4,669	4,669
Current assets		
Receivables on group companies	9,218	10,704
Other receivables	75	3
Cash and cash equivalents	21	-
	9,314	10,707
TOTAL ASSETS	13,983	15,376
SHAREHOLDERS' EQUITY AND LIABILITIES		
Equity		
Restricted equity	2,387	2,387
Unrestricted equity	8,707	10,518
	11,094	12,905
Untaxed reserves		
Tax allocation reserves, taxation 2016-2022	2,871	2,447
Current liabilities		
Liabilities to group companies	14	15
Accounts payable	1	3
Tax liabilities	-	3
Other liabilities	3	3
	18	24
TOTAL EQUITY AND LIABILITIES	13,983	15,376

Owners and shares

Owners and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 44,217 (43,417) shareholders on December 31, 2021. The largest owner is Tetra Laval International SA, Switzerland, who owns 29.1 (29.1) percent. Next to the largest owner, there are nine institutional investors with ownership in the range of 8.4 to 1.7 percent. These ten largest shareholders owned 62.2 (49.7) percent of the shares.

Proposed disposition of earnings

The parent company has unrestricted funds of SEK 8,707 (10,518) million.

The Board of Directors propose a dividend of SEK 6.00 (5.50) per share corresponding to SEK 2,492 (2,307) million to the Annual General Meeting and that the remaining income available for distribution in Alfa Laval AB (publ) of SEK 6,215 (8,211) 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.

Repurchase of shares

The Annual General Meeting 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			Total
	Second quarter	Third quarter	Fourth quarter	
Number of repurchased shares	1,153,000	1,500,320	1,407,680	4,061,000
Percentage of outstanding shares	0.27%	0.36%	0.34%	0.97%
Cash-out and decrease in parent company and consolidated equity (SEK millions)	330	510	499	1,339

Proposal to cancel repurchased shares and make a bonus issue

The Board will propose to the Annual General Meeting 2022 to cancel the repurchased shares. At December 31, 2021, 4,061,000 shares are held by the company. Cancellation of these shares means that the share capital will decrease with SEK 11 million. At the same time the Board will propose that the Annual General Meeting decides to increase the share capital by a bonus issue with the same amount without issuing any new shares. In this way the size of the share capital is restored and the company avoids having to obtain permission from Bolagsverket or if disputed the local court to cancel the repurchased shares.

It is the number of repurchased shares when the notice to the Annual General Meeting is sent that is the basis for the decision on cancellation of shares at the Annual General Meeting.

Proposed share buy-back program

The Board of Directors will also propose the Annual General Meeting to mandate 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.

Annual General Meeting 2022

The Annual General Meeting of Alfa Laval AB will be held at Scandic Star Lund, Glimmervägen 5, Lund, Sweden, on Tuesday April 26, 2022, at 16.00 (CET).

Acquisitions of businesses

On June 1, 2021 Alfa Laval completed the acquisition of StormGeo, a global leader in weather intelligence and advanced data science solutions. The acquisition is part of Alfa Laval's strategy to support the marine industry's efforts to make operations more efficient and will also enhance Alfa Laval's knowledge within digital services. The purchase price is fully financed via cash. The acquisition is neutral to Alfa Laval's EBITA margin and earnings per share.

StormGeo, headquartered in Bergen, Norway, employs 519 people in 15 countries and provides solutions and services for weather-sensitive operations, primarily in the marine industry, off-shore and other weather-dependent industries. The company's weather information services help customers mitigate risk, improve safety and make sustainable choices on routes and operations. StormGeo was founded in 1997 and has since 2014 been under the ownership of EQT, DNV GL and a group of employees. Total sales in 2020 amounted to NOK 714 million (SEK 699 million). StormGeo will become a part of the Alfa Laval Marine Division.

"The acquisition of StormGeo will be a strong addition to our toolbox of solutions that help our customers address the decarbonization challenge in the industry. Furthermore, StormGeo fits excellently to our digital acceleration ambition, and we will use their digital and customer experience to level up our offerings and to get deeper experience in the digital space," says Tom Erixon, President and CEO of Alfa Laval.

On October 1 Alfa Laval acquired the Norwegian system manufacturer LiftUP. LiftUP is a market leader in removing waste from fish farms to reduce their impact on the marine environment. The acquisition is part of Alfa Laval's strategy of building up an attractive aquaculture product portfolio and creating an expanded and sustainable growth platform for the future. Founded in 1991, LiftUP is a world leading supplier of waste extraction systems for fish farms. Its technology can remove up to 70 percent of the sludge from open cages. The LiftUP system is a complement to the Alfa Laval Framo pumping system AquaStream, which brings up fresh low temperature water with high oxygen levels (from around 25 m depth) and creates a perfect sea current – thereby providing conditions similar to the deep fjords, creating an optimal environment for the fish. The acquired company had revenues of 75 MNOK (2020) with good profitability. It will now be part of the business unit Pumping Systems in the Marine Division.

The acquisitions during 2021 can be summarized as follows:

Acquisitions 2021	StormGeo			LiftUP			Total
	Adjustment			Adjustment			Fair value
	Book value	to fair value	Fair value	Book value	to fair value	Fair value	
SEK millions							
Property, plant and equipment	19	-	19	7	-	7	26
Right of use assets	34	-	34	-	-	-	34
Patents and unpatented know-how ¹⁾	38	1,397	1,435	-	106	106	1,541
Capitalised development costs	184	-	184	12	-	12	196
Inventory	4	-	4	21	-	21	25
Accounts receivable	98	-	98	9	-	9	107
Other receivables	55	-	55	6	-	6	61
Liquid assets	105	-	105	0	-	0	105
Provisions for pensions and similar commitments	-10	-	-10	-	-	-	-10
Loans	-655	-	-655	-19	-	-19	-674
Lease liability	-38	-	-38	-	-	-	-38
Accounts payable	-13	-	-13	-4	-	-4	-17
Other liabilities	-122	-	-122	-17	-	-17	-139
Tax liabilities	-5	-	-5	-2	-	-2	-7
Deferred tax	-13	-307	-320	-	-23	-23	-343
Acquired net assets	-319	1,090	771	13	83	96	867
Goodwill ²⁾			2,245			109	2,354
Purchase price			-3,016			-205	-3,221
Costs directly linked to the acquisitions ³⁾			-22			-2	-24
Liquid assets in the acquired businesses			105			0	105
Overtaken bank loans			-655			-	-655
Other minor acquisitions current year							-13
Payment of amounts retained in prior years							-20
Effect on the Group's liquid assets			-3,588			-207	-3,828

- 1) The step up value for patents and un-patented know-how is amortised over 10 years.
- 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 value of the goodwill is still preliminary.
- 3) Refers to fees to lawyers, due diligence and assisting counsel. Has been expensed as other operating costs.

StormGeo has acquired two small companies in Brazil on September 1, 2021.

A smaller operation, WCR Benelux BV in the Netherlands, was acquired on July 1, 2020.

The operations and net assets of DSO Fluid Handling Inc in the U.S. were divested on August 28, 2020.

Investments in joint ventures and other companies

On February 18, 2021 Alfa Laval announced that it has become a partner in an innovation project to develop pumping technology for more sustainable fish farming together with the joint venture partner the Norwegian fish farming company Lingalaks, by acquiring a 50 percent share in the joint venture Stadion Laks AS in Norway for SEK 4 million.

On February 25, 2021 Alfa Laval announced that it is part of the next phase of development for a sustainable energy storage solution by participating in the new issue of shares in Malta Inc with SEK 81 million, which has increased the ownership to 18.3 percent. Malta Inc is developing a completely new energy storage solution that will facilitate the shift towards renewable energy.

On March 15, 2021 Alfa Laval became a partner in the Power-to-X consortium by acquiring 2.9 percent of the shares in the Swedish company Liquid Wind for SEK 4 million. The company develops electro-fuel facilities to produce renewable clean fuels.

On June 29, 2021 Alfa Laval announced that the company together with Wallenius will form a 50/50 joint venture - AlfaWall Oceanbird - to supply innovative wind propulsion solutions for cargo vessels and other ship types.

On July 8, 2021 Alfa Laval acquired a minority stake in the Netherlands-based technology company Marine Performance Systems. Its innovative air lubrication technology significantly reduces ships' friction when sailing, resulting in fuel savings. The patented solution can be installed on vessels of any size or fuel type and is also suitable for retrofit.

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 2020 is still correct.

When it comes to the global material and freight constraints that have emerged during 2021, the following can be highlighted. Alfa Laval has a global footprint with 39 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 during 2021 experienced shortages of sourced semiconductors for control panels.

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.

Asbestos-related lawsuits

The Alfa Laval Group was as of December 31, 2021 named as a co-defendant in a total of 571 asbestos-related lawsuits with a total of approximately 571 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 for changing market fundamentals

The restructuring program is mainly addressing structural imbalances in specific parts of the oil & gas business as well as parts of the Marine business. In addition, the program will further drive the competence shift required in light of the accelerated pace of digitalization. The program includes write down of goodwill with SEK 360 million concerning oil & gas related businesses. The total restructuring cost including write down of goodwill is SEK 945 million, out of which SEK 741 was charged in the fourth quarter 2020 and the remaining SEK 204 was charged in the second quarter 2021. Approximately 600 employees mainly in Europe and North America are affected by the program. The program will generate annual savings of around SEK 300 million, with full effect expected from mid-2022.

Accounting principles

The interim report for the fourth quarter 2021 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 2020 for definitions. Alfa Laval follows the Guidelines on Alternative Performance Measures issued by ESMA (European Securities and Markets Authority).

"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 2020 or the full year 2020 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 and 5.

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 2021

The annual report will be published on Alfa Laval's website on March 31, 2022 at 10.00 CET.

The interim report has been issued at CET 7.30 on February 2, 2022 by the President and Chief Executive Officer Tom Erixon by proxy from the Board of Directors.

Lund, February 2, 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 December 31, 2021 and the twelve 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 for the fourth quarter 2022, 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, February 2, 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:
Interim report for the first quarter 2022 April 26, 2022
Interim report for the second quarter 2022 July 20, 2022

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 2, 2022.

