

ALFA  
LFA



# Financial update

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CFO  
Alfa Laval Group

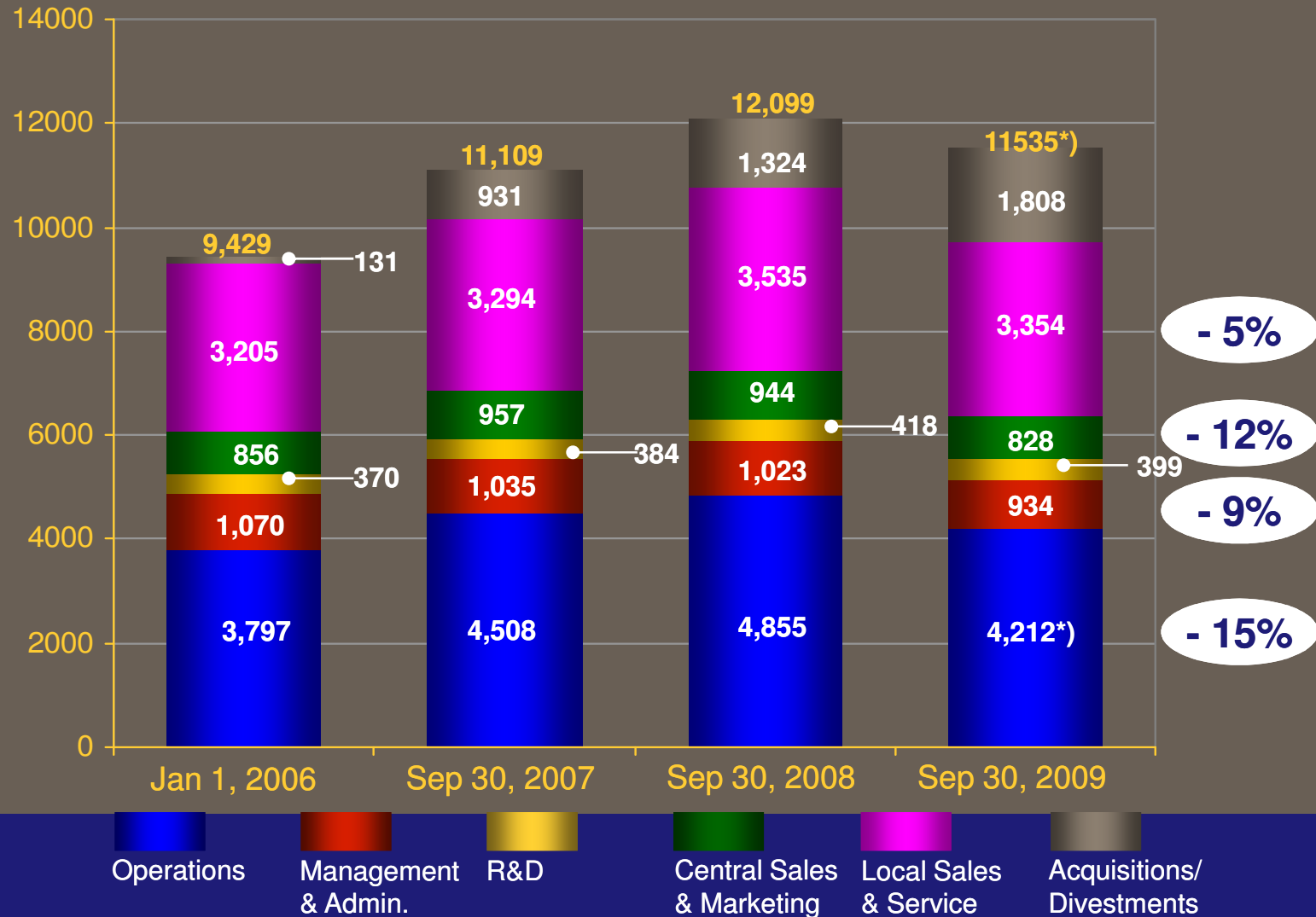
# “The menu for today”



- \* Headcount development
- \* Update on savings
- \* Dividends and funding
- \* Amortisation of step-up
- \* Capital expenditure
  - \* Working capital
  - \* Taxes
- \* Currency effects
- \* Order backlog
- \* Gross profit margin

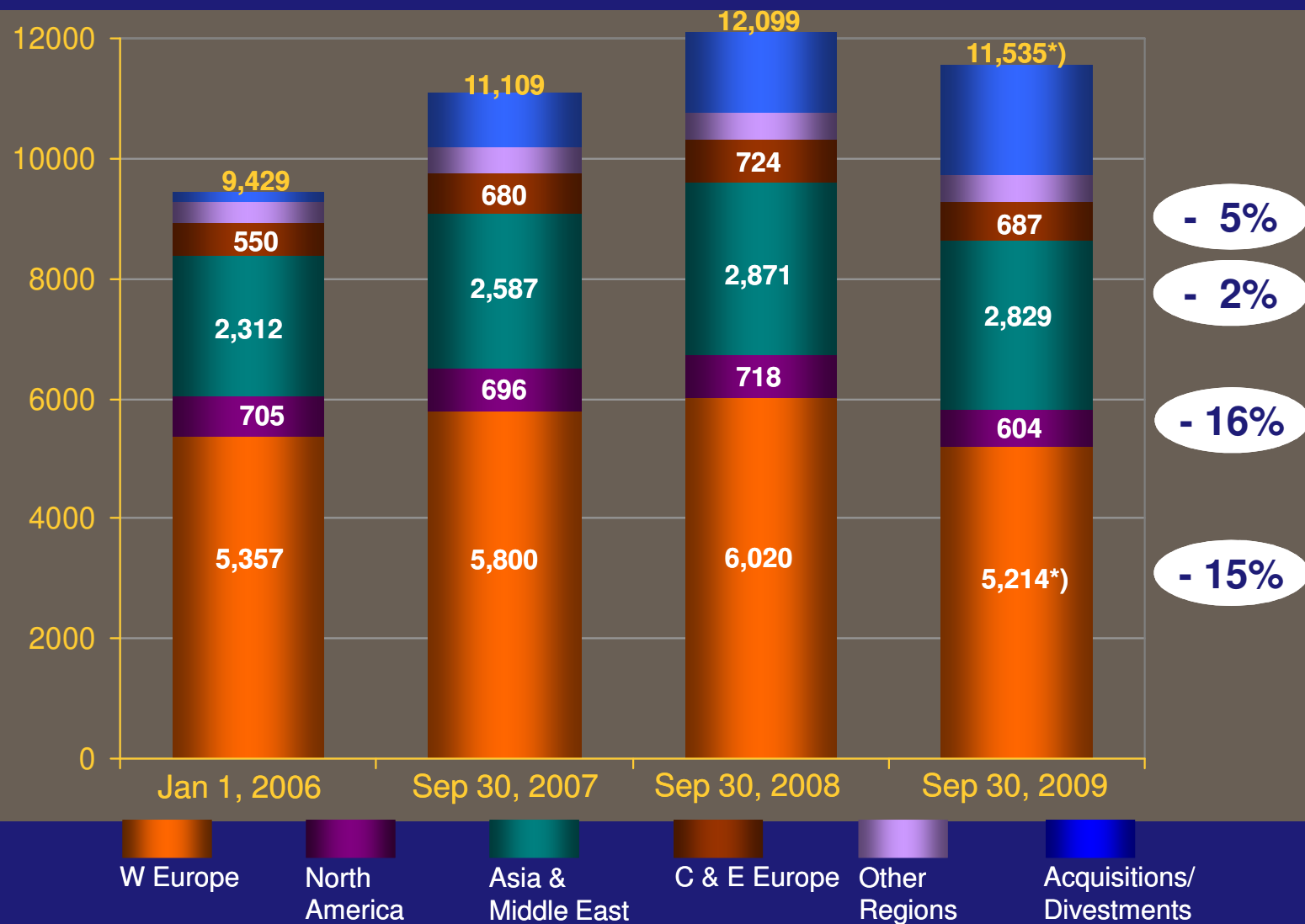


# Employees – by category



\*) Less work-sharing of approx 80 FTE's

# Employees – by region

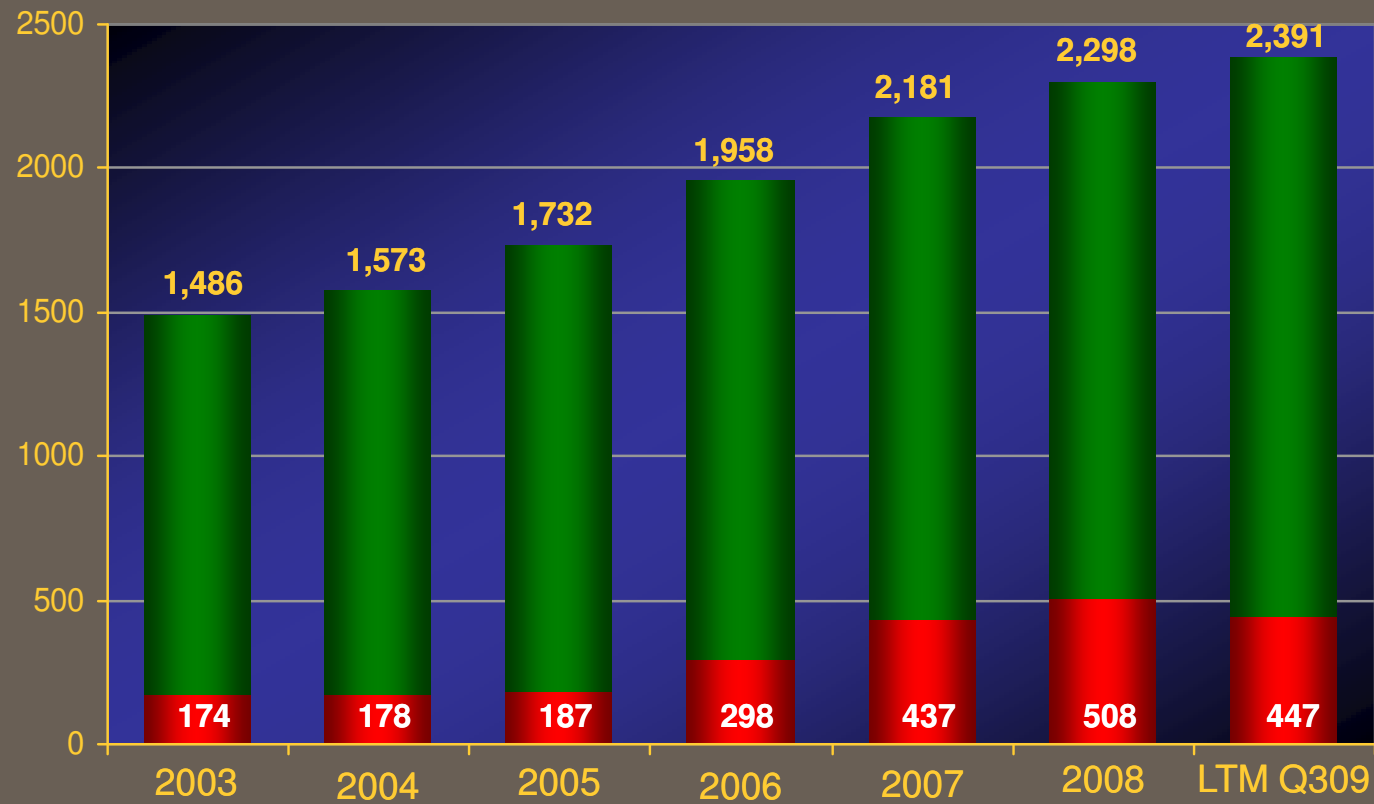


\*) Less work-sharing of approx 80 FTE's

# Employees

Productivity development

KSEK



■ Sales/employee end of year  
■ EBITA/employee end of year

# Overview cost and capacity adjustment -

update as per September 30<sup>th</sup>, 2009

|                          |             |
|--------------------------|-------------|
| Total estimated savings: | SEK > 900 m |
| Savings achieved in Q3:  | SEK 220 m   |

- Savings from January program – full impact from Q4 2009
- Savings from further measures – full impact from Q1 2010

Capacity reduction targeted with initiated savings: 25 - 35 %

|   |       |
|---|-------|
| Total estimated reduction in FTE's:                 | 1,700 |
| Reductions as per September 30 <sup>th</sup>        | 1,150 |
| - of which work-sharing represents approx. 80 FTE's |       |

# Cost and capacity adjustments

- Implemented savings as per September 30, 2009

| In SEK million             | Q3 -2009 | YTD 2009 | Target |
|----------------------------|----------|----------|--------|
| Sales & Administration     | 220      | 465      | > 900  |
| Research & Development     |          |          |        |
| Indirect Personnel in COGS |          |          |        |

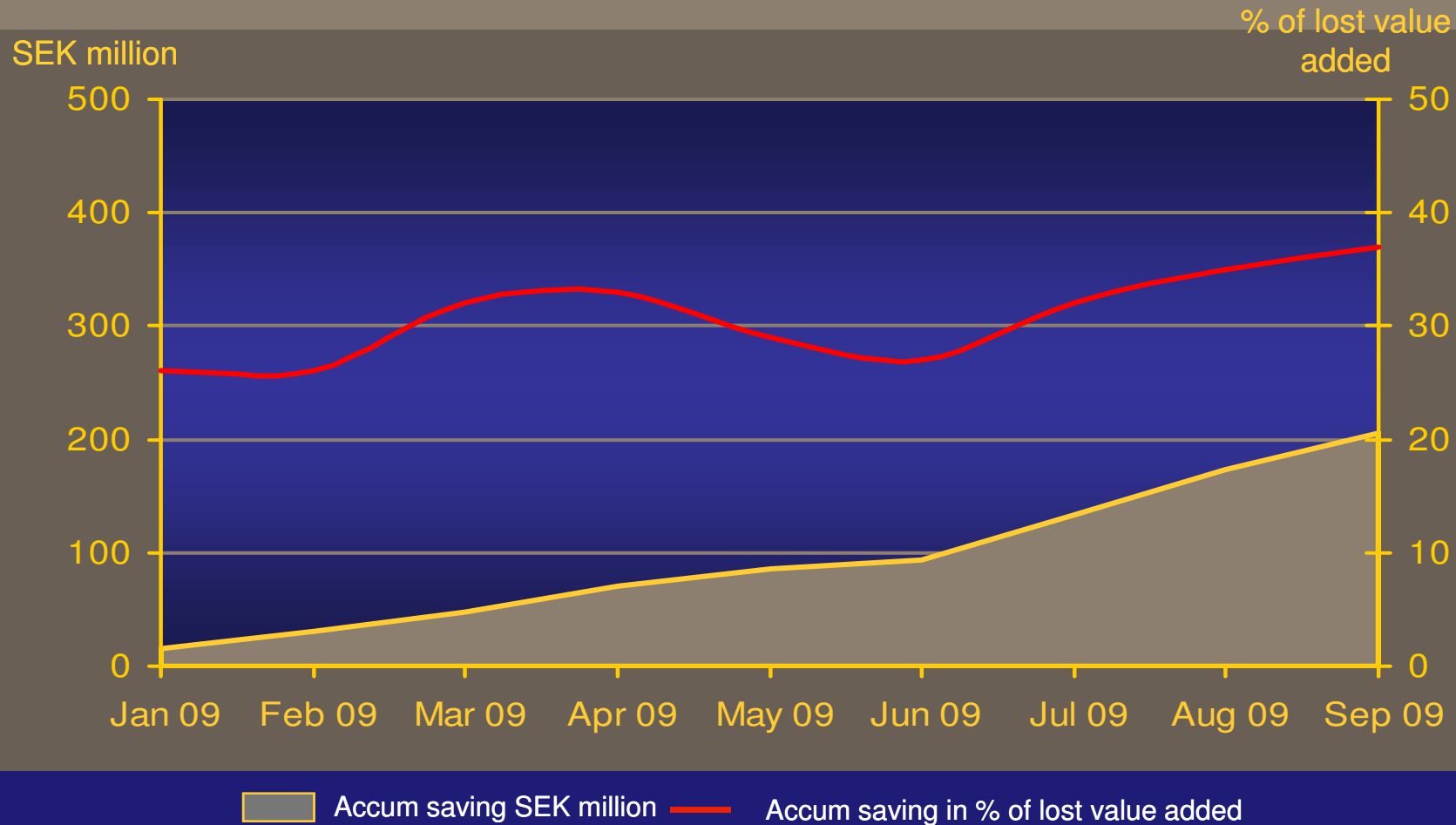
## Implementation and sustainability:

- Above categories fully implemented by the beginning of 2010
- Main savings category is personnel, consequently largely sustainable at the current level of activity
- Capacity adjustments in terms of direct personnel fully implemented during H1-2010 (25 – 35 %)



# Cost and capacity adjustments

- COGS-savings in SEK million and in % of lost value added

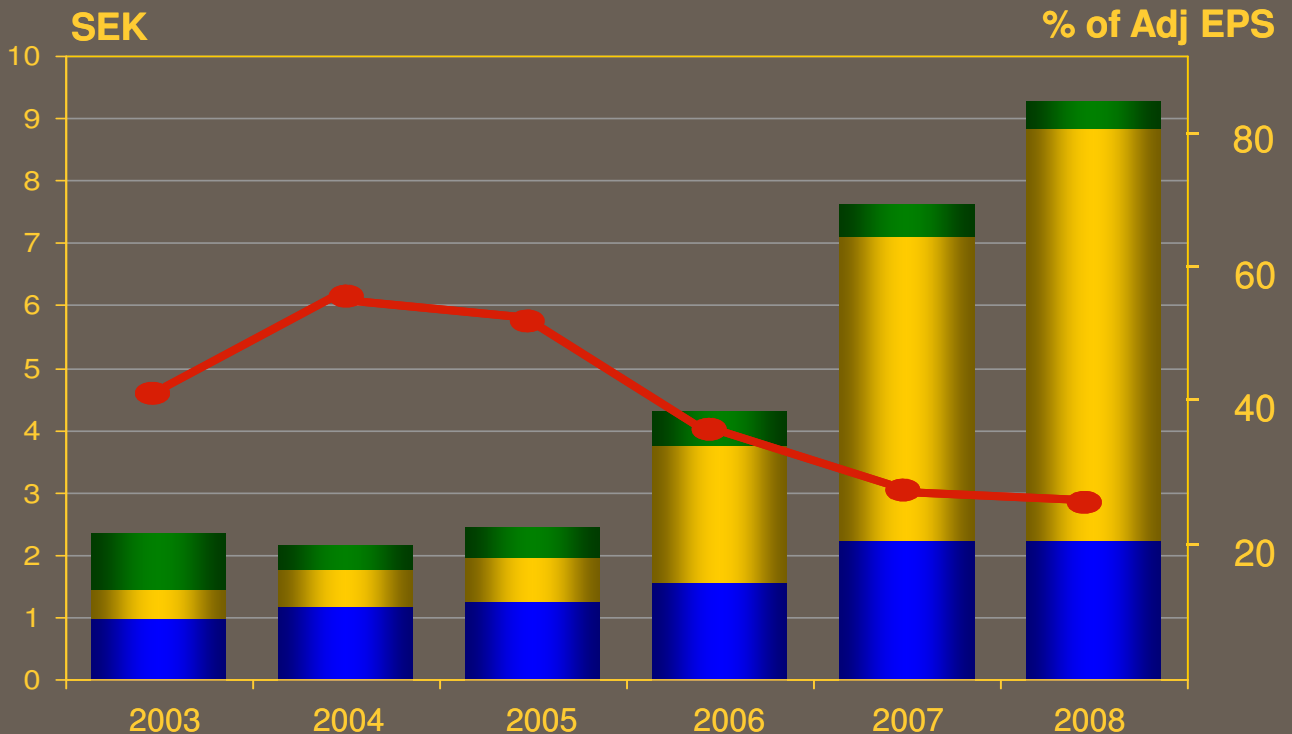


Accum saving SEK million — Accum saving in % of lost value added

# EPS and dividends

“The Board of Directors intends to regularly propose dividends that reflects the performance, the financial position, the funding arrangements and expected capital needs of the Alfa Laval Group.

Considering the cash generating capacity of the Group a dividend of 40 – 50 % of net income, adjusted for step-up depreciations, calculated over a business cycle is targeted”



Adjusted EPS, (excl step up)

Dividend as % of adjusted EPS

EPS

Dividend

# Group funding

Summary of credit facilities as per September 30, 2009

|   | <b>Committed</b> | <b>Utilised</b> | <b>Maturity</b> |
|---|------------------|-----------------|-----------------|
|   | <b>SEKm</b>      | <b>SEKm</b>     | <b>Year</b>     |
| <b>Senior Facility</b>                      |                  |                 |                 |
| - "Revolver" USD 348 million                | 5,160            | 1,887           | 2012            |
| - "Revolver" EUR 168 million                |                  |                 |                 |
| - "Bullet" EUR 100 million                  |                  |                 |                 |
| <b>US Private Placement USD 110 million</b> | 768              | 768             | 2016            |
| <b>SHB bi-lateral loan EUR 25</b>           | 270              | 270             | 2014            |
| <b>Sub total:</b>                           | <b>6,198</b>     | <b>2,925</b>    |                 |
| <b>Local facilities</b>                     | -                | 483             |                 |
| <b>Total:</b>                               | <b>6,198</b>     | <b>3,408</b>    |                 |
| <b>Cash and deposits</b>                    | -                | <b>+ 1,543</b>  |                 |

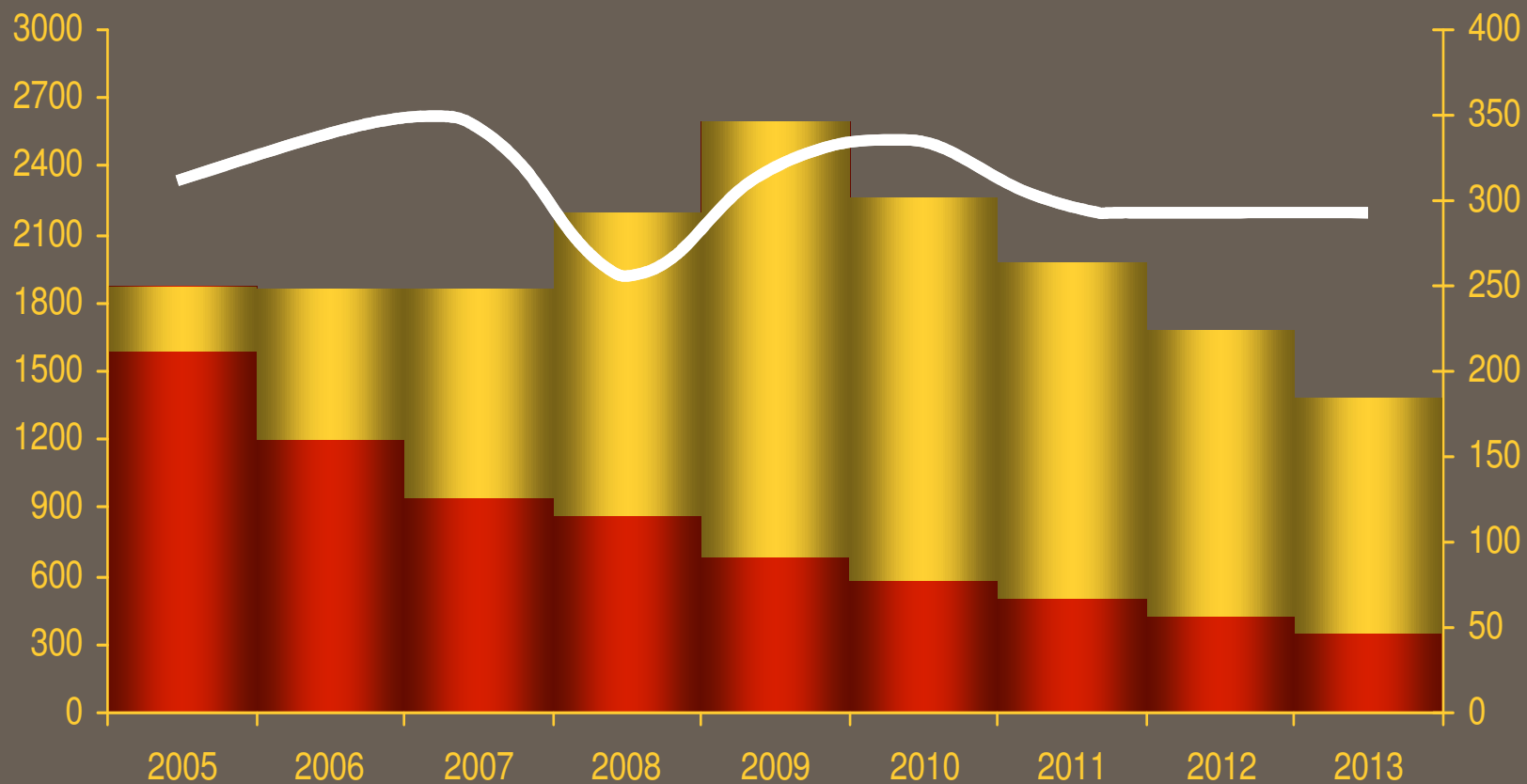
In addition, uncommitted facilities are available to an amount of approx. SEK 0.8 Bn

# Step-up values up to 2013

Closing balance and depreciations according to plan, SEK million

Closing balance

Depreciations



LBO-related

Acquisitions

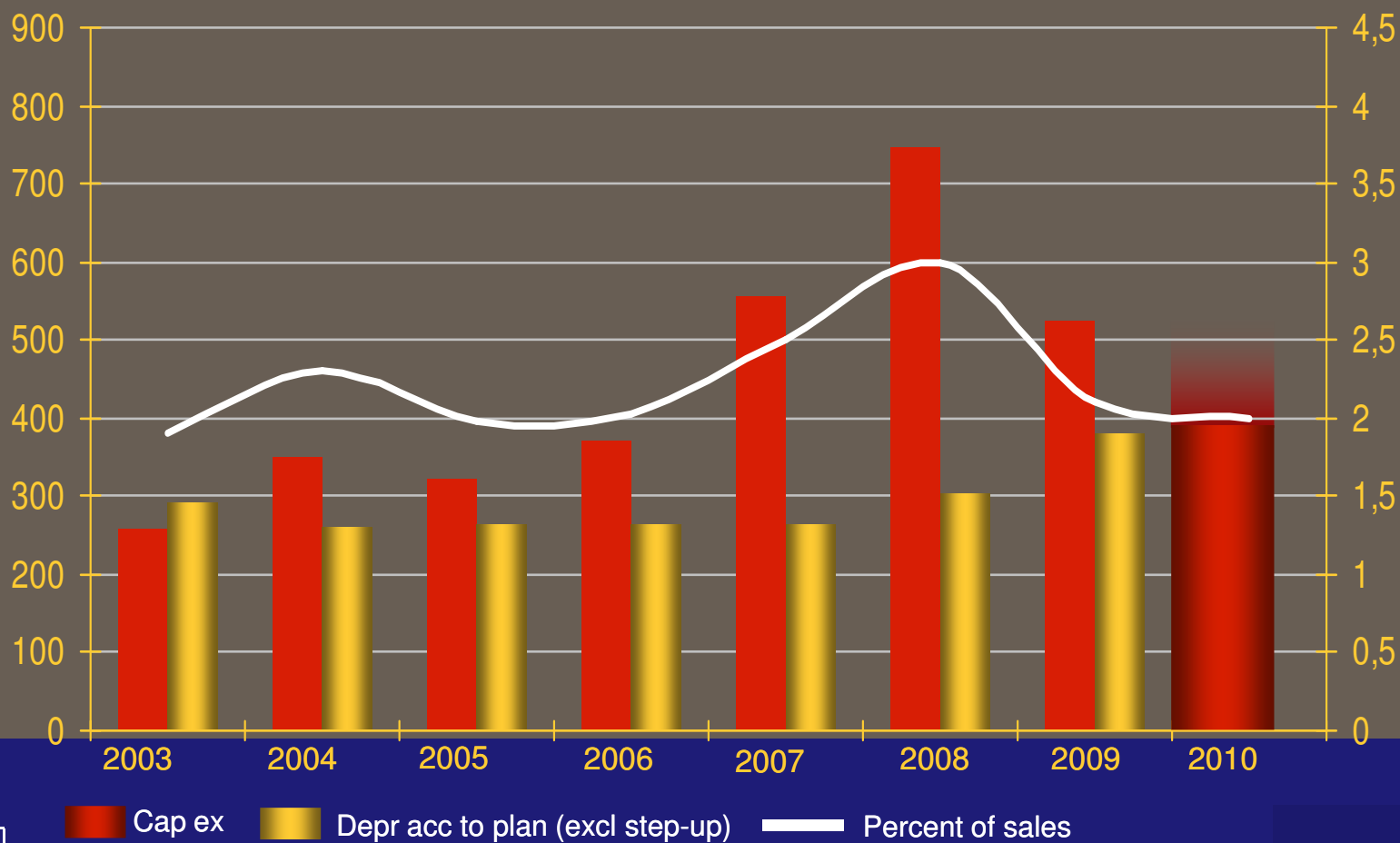
Depreciations acc to plan

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

# Capital expenditure

SEK million

Percent of sales

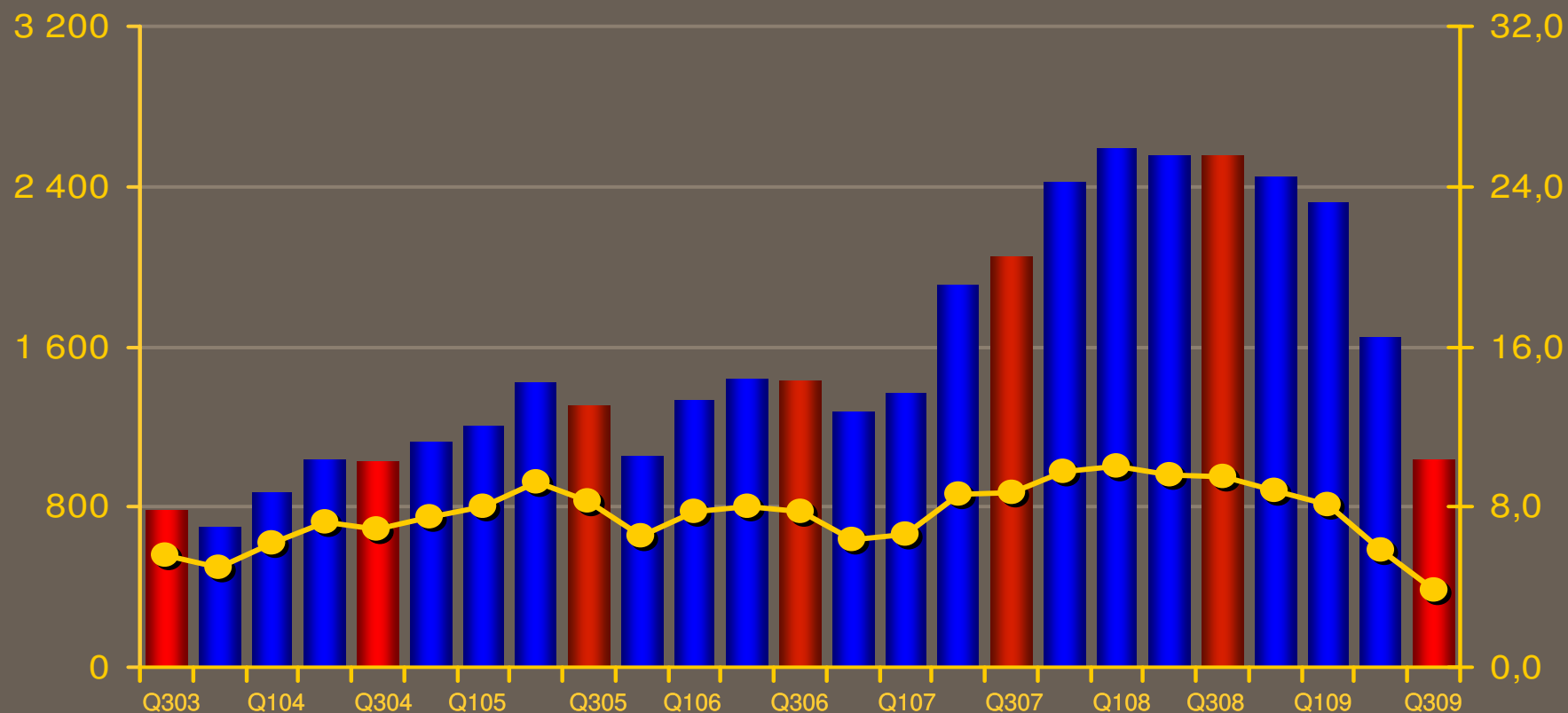


# Working capital

Development over six years

SEK million

Percent of sales

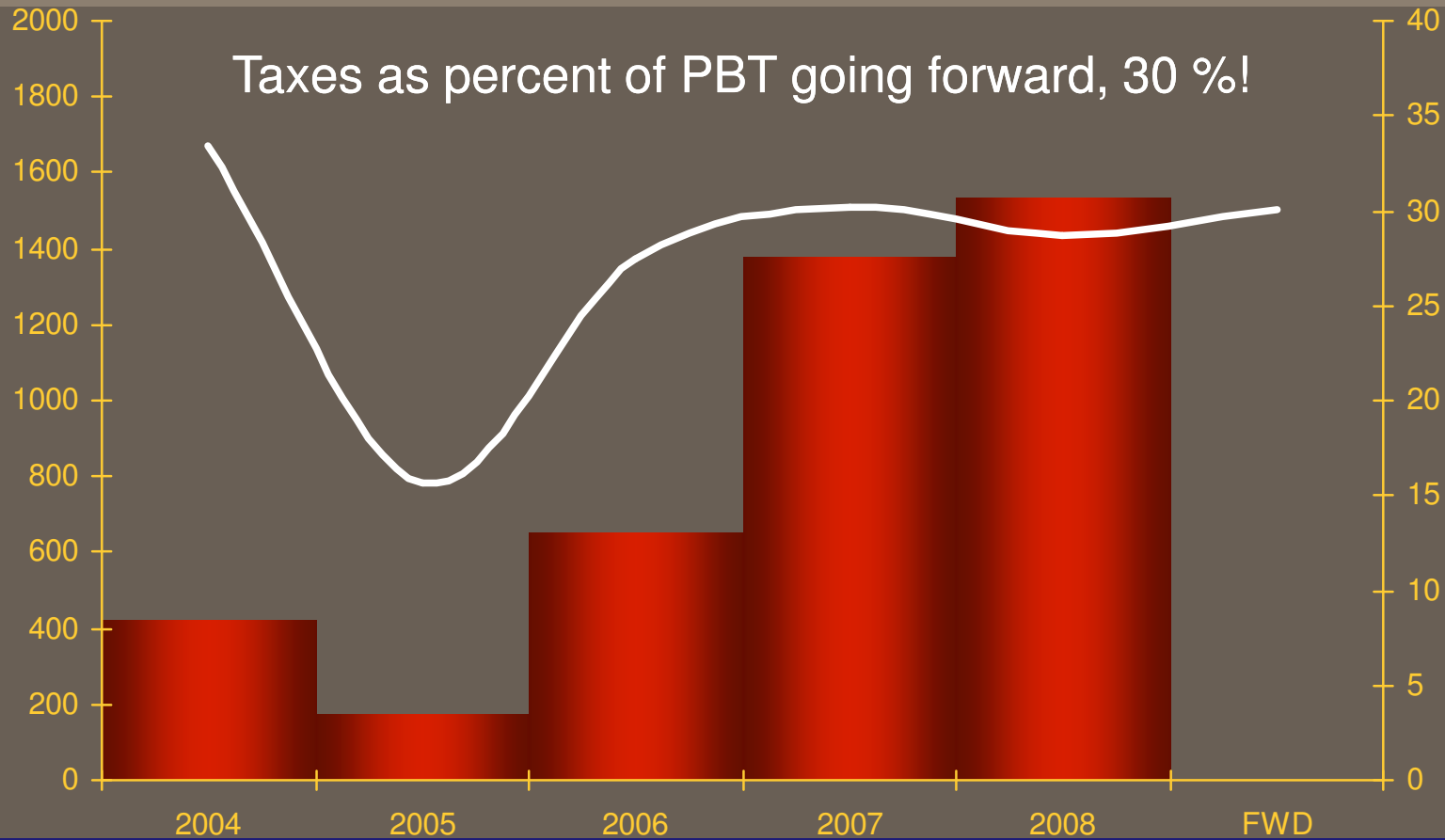


# Taxes

In SEK million and as percent of profit before taxes

SEK million

In % of PBT



Taxes in SEK million



As & of PBT

# Foreign exchange

## Estimated impact on adjusted EBITA from Fx. fluctuations

| SEK million        | 9 m 09 | WY 09 | WY 010 | WY 11 |
|--------------------|--------|-------|--------|-------|
| Translation effect | 364    | 425   | - 100  | -     |
| Transaction effect | - 58   | - 70  | 340    | - 150 |
| Total              | 306    | 355   | 240    | - 150 |

Rates applied for open exposures

EUR / SEK 10:20

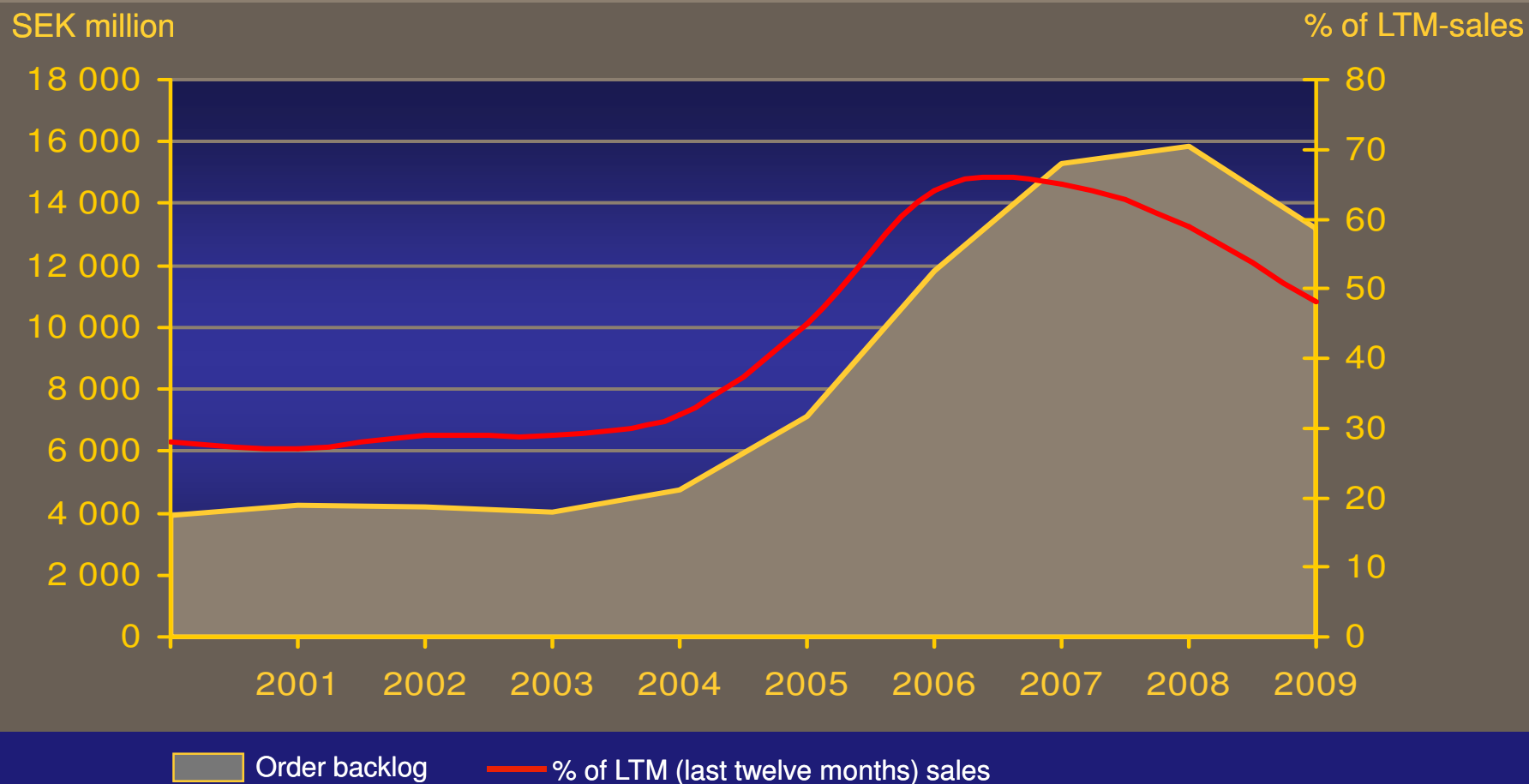
EUR / USD 1:46

EUR / JPY 130

USD / JPY 90



# Order backlog development



Order backlog

% of LTM (last twelve months) sales

# Order backlog as per Sept 30

For delivery after December 31

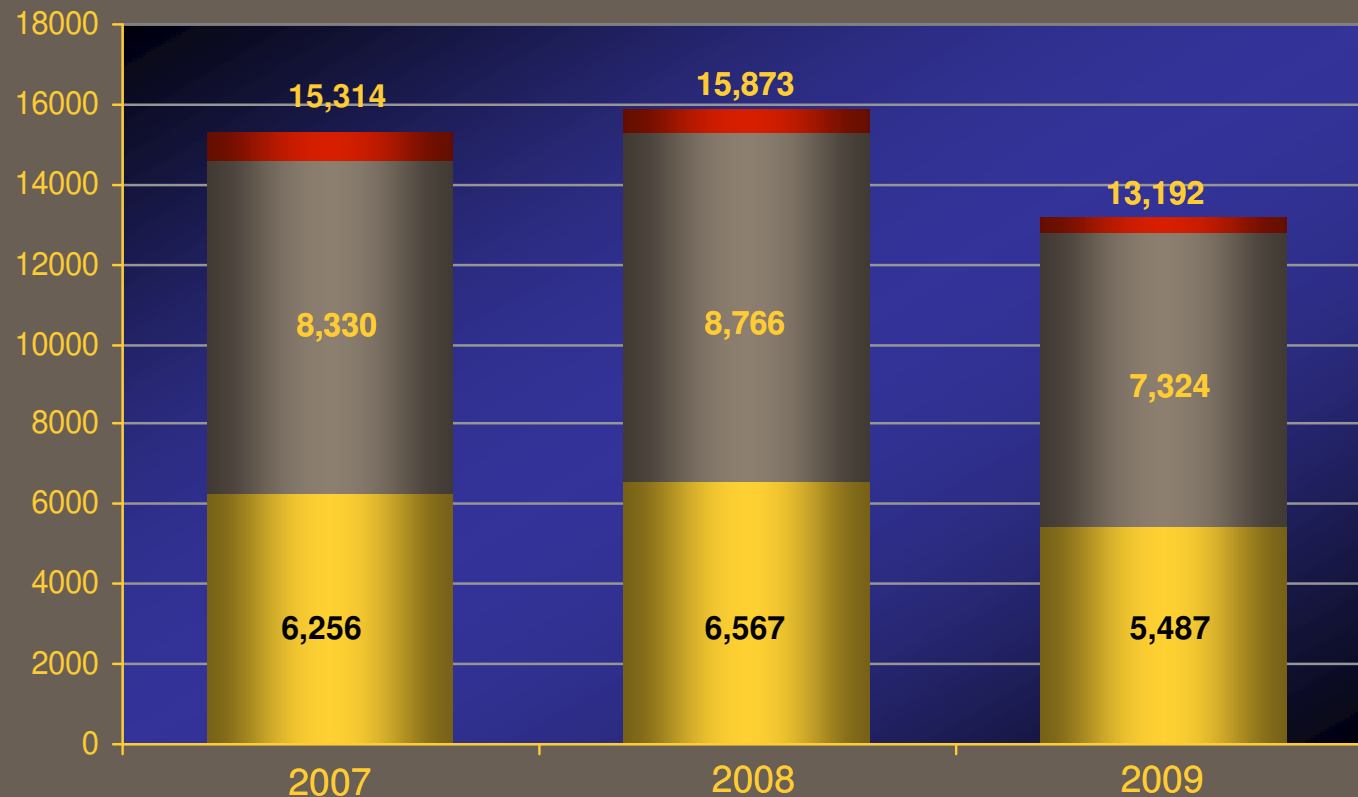
SEK millions



Marine & Diesel  
Other Segments

# Order backlog as per Sept 30

SEK millions



Y-o-Y:  
– 1.4 Bn!

- For delivery later than next year
- For delivery next year
- For delivery during the rest of current year

# Sales

2009 and 2010

|                                | <u>BnSEK</u> |      |
|--------------------------------|--------------|------|
| LTM Q309                       |              | 27.6 |
| Change order backlog Q4, y-o-y | -            | 1.1  |
| Fx. Translation                | +            | 0.2  |
| Acquisitions                   | +            | 0.3  |
| Demand Q409                    | -            | 1.0  |
| Full year 2009                 | appr         | 26.0 |

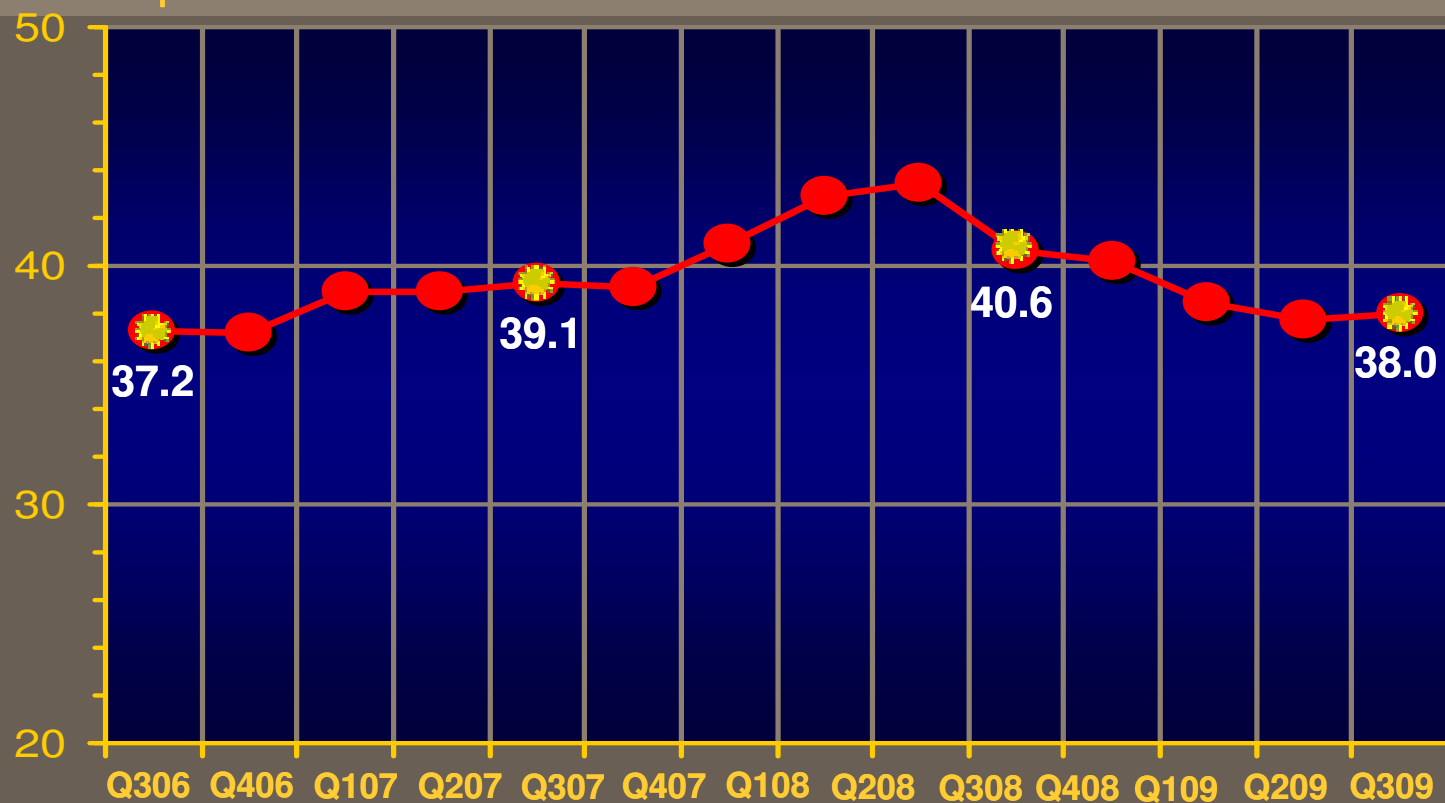
# Sales

2009 and 2010

|                            | <u>BnSEK</u> |      |
|----------------------------|--------------|------|
| Full year 2009             | appr         | 26.0 |
| Change order backlog y-o-y | -            | 1.4  |
| Fx. Translation            | -            | 1.5  |
| Acquisitions               | +            | 0.3  |
|                            | <hr/>        |      |
| Subtotal:                  |              | 23.4 |
| Price                      | -            | ?    |
| Demand                     |              | ?    |
|                            | <hr/>        |      |
| Full year 2010:            |              |      |

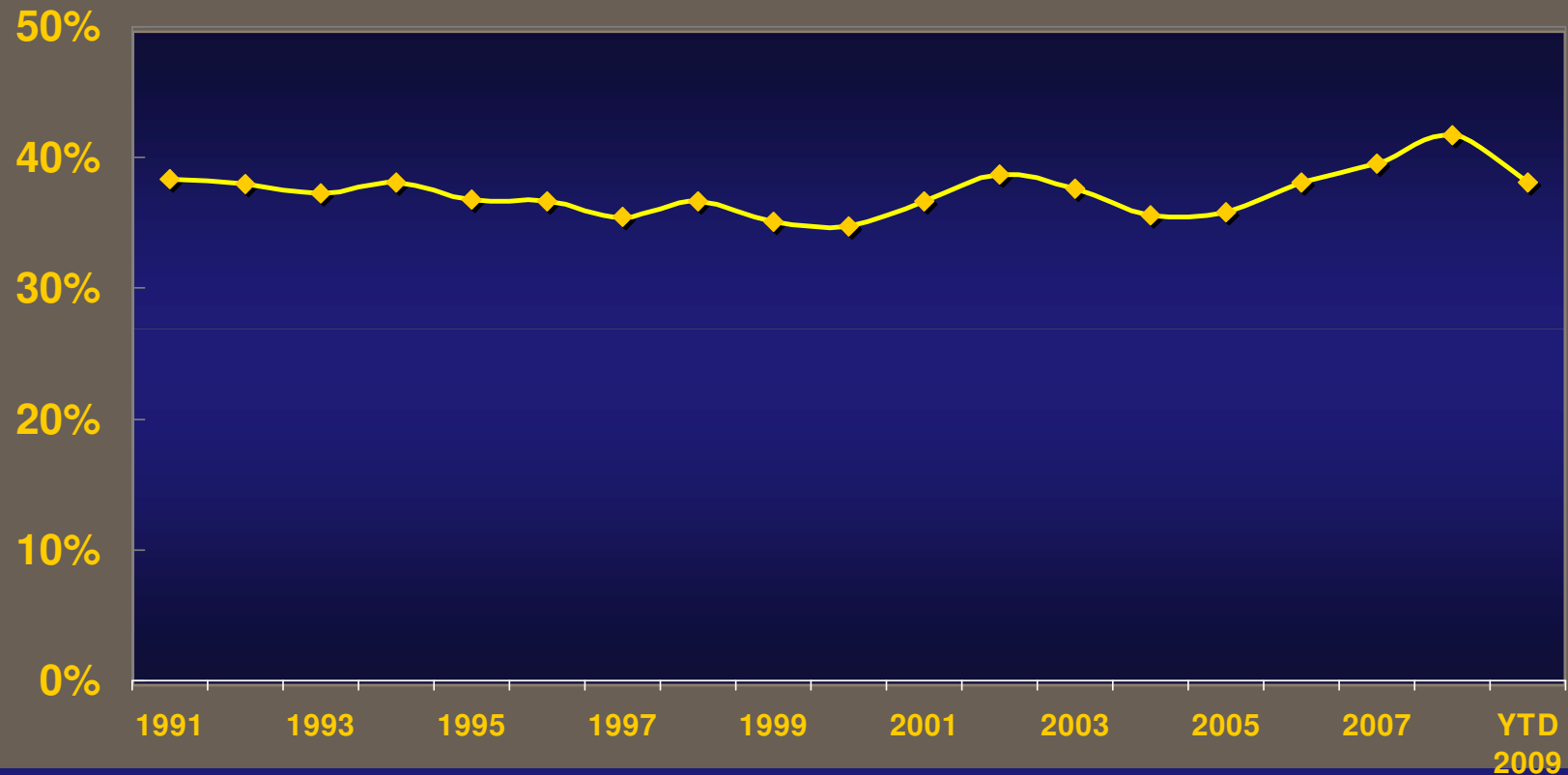
# Gross profit margin

In percent of sales



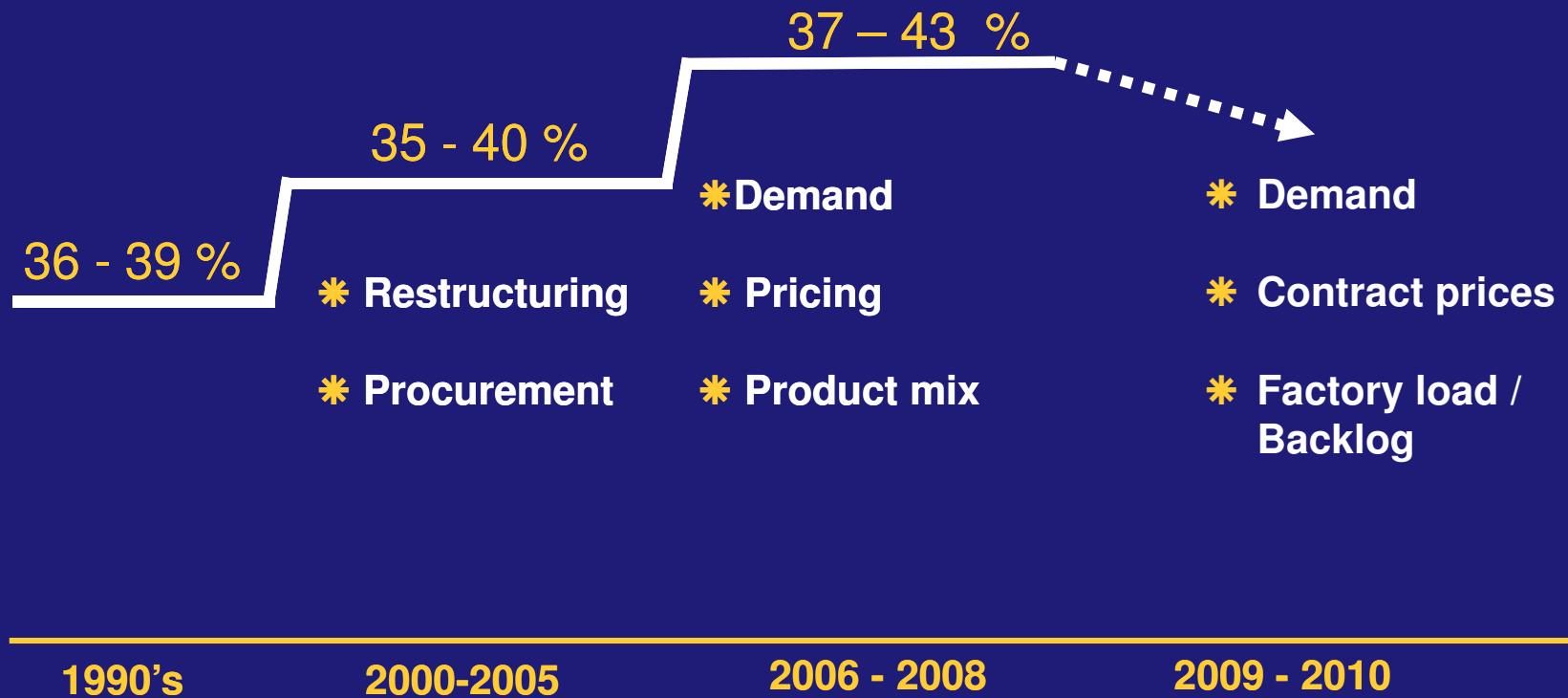
# Gross profit margin

Gross Margin Development 1991 – YTD 2009



# Gross profit margin

Evolution over almost 20 years





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