Acquisition of Aalborg Industries

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Acquisition of Aalborg Industries

- Alfa Laval has signed an agreement to acquire Aalborg Industries from the Nordic private equity firm Altor 2003 Fund, LD Equity and management
- Total cash consideration of SEK 5.0 billion on an enterprise value basis
- Aalborg Industries is a world leading manufacturer and supplier of marine boiler systems as well as a major provider of inert gas systems, thermal fluid systems, and shell and tube heat exchangers
- Aalborg Industries has some 2,600 employees, is expected to generate sales of about SEK 3.3 billion in 2010 and an EBITA margin which is well in line with Alfa Laval’s target (the company had a 16.4% margin in 2009)
- The acquisition will be accretive to EPS from 2011
- Closing of the transaction is subject to clearance from regulatory authorities
Strategic rationale

- Acquire a world leader in specialized heat transfer equipment for the marine and off-shore markets, but also to the power industry and other industrial end markets
- It’s products and solutions complements Alfa Laval’s key competence; enjoys strong barriers to entry
- Manufacturing and engineering presence in key markets such as China, Vietnam and Brazil with a global service network enabling quick turnaround services
- Well positioned for structural growth based on attractive underlying trends such as globalization, energy efficiency and environment
Alfa Laval will further strengthen its offer in heat transfer
Complementary offering

- Waste heat recovery system
- Inert gas system
- Large steam capacity oil-fired boiler
- Thermal fluid system
- Heat exchanger

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Aalborg Industries: gradual transfer of footprint already completed

Gradual transfer of production, engineering and after sales services:

- Cost-efficient supply chain
- Access to critical markets where local presence is key
Globalization

Attractive structural growth drivers

Energy/Efficiency

Environment

Improved living standard

To optimise the performance of our customers’ processes.
Time and time again.

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Energy efficiency
– Waste heat recovery

- Power 50%
- Exhaust gas 25%
- Scavenge air 14%
- Jacket water 6%
- Lubricating oil 4%
- Radiation 1%

Fuel input 100%
The acquisition will be funded through available cash and the following credit facilities:

- **Existing Syndicated Credit Facility** with a credit limit of approx SEK 4.8 billion, as at September 30 the facility was not utilised

- **Existing Credit Commitment** from European Investment Bank (EIB) of EUR 130 million

- **Fully committed bridge facility** of SEK 2.5 billion from SEB
Aalborg Industries:
A leader in specialized equipment

HQ: Aalborg, Denmark
Employees: c. 2,600
2009 Sales: DKK 2,761 MM
2009 EBITA: DKK 452 MM
2009 EBITA Margin: 16.4%

2009 Sales Breakdown

Marine Boilers & Heat Exchangers
- Boilers
- Heat exchangers
- Waste heat recovery
- Burners
- Control systems

Thermal Fluid Systems
- Oil-fired thermal fluid heating systems
- Exhaust gas fired thermal fluid heating systems
- Heating systems

Inert Gas Systems
- Inert gas generators
- Nitrogen generators

Floating Production Systems
- Boilers
- Burners
- Heat exchangers
- Waste heat recovery
- Thermal fluid systems
- Inert gas systems

Industrial Boilers
- 3-pass boilers
- Thermal fluid systems
- Waste heat recovery for power plants
- Heat exchangers

Global After Sales
- Commissioning
- Training
- Inspections
- Repair
- Upgrades
- Spare parts

Water Treatment Systems
- Aqua Tri Comb water treatment system

Exhaust Gas Cleaning
- Exhaust gas scrubbers

Aalborg Industries is a global leader in specialized equipment.
Strong financial track record through cycle

Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales DKK MM</th>
<th>% Growth</th>
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</thead>
<tbody>
<tr>
<td>2006A</td>
<td>2,397</td>
<td>44.7%</td>
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<tr>
<td>2007A</td>
<td>2,843</td>
<td>18.6%</td>
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<tr>
<td>2008A</td>
<td>3,371</td>
<td>18.5%</td>
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<tr>
<td>2009A</td>
<td>2,761</td>
<td>(18.1%)</td>
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<tr>
<td>2010E</td>
<td>2,700</td>
<td>(2.2%)</td>
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</table>

EBITA

<table>
<thead>
<tr>
<th>Year</th>
<th>EBITA DKK MM</th>
<th>% Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006A</td>
<td>300</td>
<td>12.5%</td>
</tr>
<tr>
<td>2007A</td>
<td>386</td>
<td>13.6%</td>
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<tr>
<td>2008A</td>
<td>457</td>
<td>13.6%</td>
</tr>
<tr>
<td>2009A</td>
<td>452</td>
<td>16.4%</td>
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<tr>
<td>2010E</td>
<td>464</td>
<td>17.2%</td>
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</tbody>
</table>

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