



Our Purpose

Our purpose provides the motivational force in our daily activities. Dedicated to outstanding customer service, an inspiring and embracing workplace, and with sustainability in our genetic code, we define our purpose as *accelerating success for our customers, people and planet.*

Putting our customers first

We focus on cost effective and innovative solutions that support industries in their endeavour to purify, refine and recycle material. Our commitment is to optimize our customers' processes, creating responsible growth and driving progress. We work seamlessly together with them and are responsive to

their needs – always going that extra mile to support them in achieving their business goals and sustainability targets.

Empowering our people

Our Scandinavian origin embodies our corporate culture, which is open, supportive and informal. This creates an environment for our employees to develop their talents and excel as professionals. By giving them responsibility, we demonstrate trust, which makes our people grow. Everyone is treated with respect and we lead by example. We are determined to attract, develop and retain the most innovative and curious people in our business.

Making our world better, every day

We regard sustainability both as a necessity and as a business opportunity. Our technologies promote a more responsible use of natural resources. We constantly drive progress to help reducing the environmental impact of most industrial processes through improved energy efficiency and heat recovery, better water treatment and reduced emissions. Both on land and at sea. It is all about living up to our motto *Advancing better™*.

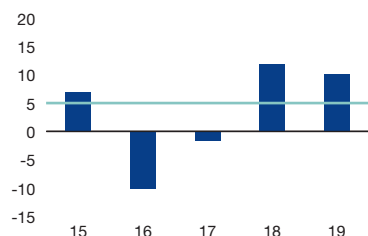
Financial goals

Alfa Laval is governed with the aim of realizing its business concept, while at the same time meeting the financial goals established with regard to growth, profitability and return. By achieving or exceeding these goals, Alfa Laval creates the necessary scope for its continued development as well as generating increased value for its shareholders in the form of an annual dividend and by boosting the value of the company.

Growth

Alfa Laval's goal is to achieve average annual sales growth of at least 5 percent measured over a business cycle. This target is regarded as realistic, viewed in light of the prevailing business scenario and against the backdrop of Alfa Laval's achievements in recent years.

Outcome



Outcome

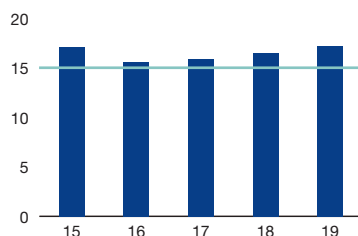
Invoicing rose 10.1 percent* in 2019.

* Excluding exchange rate variations

Profitability

Alfa Laval is to achieve an operating margin – adjusted EBITA – of 15 percent measured over a business cycle. This goal was established based on historical margins, while also taking the company's growth ambitions into consideration.

Outcome



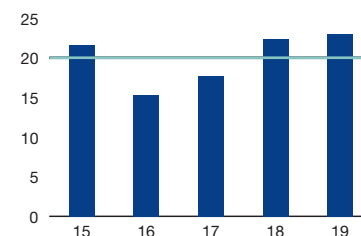
Outcome

The adjusted operating margin for 2019 was 17.2 percent, compared with 16.5 percent for full-year 2018.

Capital utilization

The goal is to have a return on capital employed of at least 20 percent, a realistic ambition based on a combination of organic and acquired growth.

Outcome



Outcome

The return on capital employed for 2019 was 23.0 percent.

Sustainability goals

In addition to its financial goals, Alfa Laval also has a number of sustainability goals. These reflect the company's ambitions with respect to the environment, health and safety. Among other areas, these targets encompass: a reduction in the number of workplace accidents, increased energy efficiency, a reduction in water consumption and a reduction in greenhouse gas emissions. For more information about these goals and Alfa Laval's sustainability work, refer to the Sustainability Report available at: www.alfalaval.com

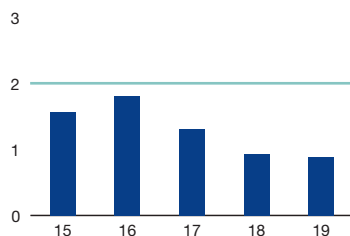
Financial benchmark values

In addition to the Group's financial goals, the Board has established benchmark values for three key financial ratios, which further specify the framework and goals for the operation of the company.

Net debt in relation to EBITDA

In the long term, net debt in relation to EBITDA, meaning operating profit before depreciation and amortization of step-up values, is not to be more than 2. Although the ratio may exceed the goal in connection with major acquisitions, this should be viewed as a temporary situation, since the company's cash flow is expected to offset this effect.

Outcome



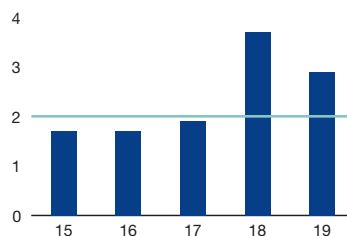
Outcome

Net debt/EBITDA at year-end 2019 was 0.88.

Investments

The long-term benchmark value has been, and will continue to be, for 2 percent of sales to go to investments. In 2018 and 2019, however, the limit is temporarily lifted to enable the investments that the company considers necessary for expanding and changing the production structure. Thereafter, investments are expected to move back towards the benchmark value – a level that creates the necessary scope for replacement investments as well as certain capacity expansions in order to match the organic growth of the Group's key products.

Outcome



Outcome*

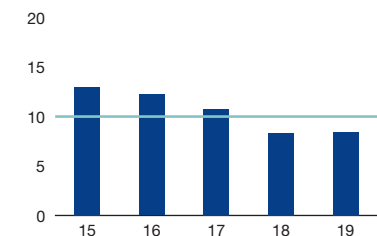
Investments in 2019 amounted to 2.9 percent.

* As a percentage of sales

Cash flow from operating activities

Cash flow from operating activities is to amount to 10 percent of sales, including investments in fixed assets. This value is lower than the goal for the operating margin, since organic growth normally requires an increase in working capital. In addition, taxes are paid in an amount corresponding to approximately 26 percent of earnings before tax.

Outcome



Outcome*

In 2019, cash flow from operating activities totaled 8.4 percent**.

* As a percentage of sales

** Including investments in fixed assets