Report for Q1 2009

- Orders received and margins
- Highlights
- Development per segment
- Geographical development
- Financials
- Outlook

Mr. Lars Renström
President and CEO
Alfa Laval Group
## Key figures

**January – March 2009**

- Orders received dropped 31.6% to SEK 5,853 million.
- Net sales down 4.8% at SEK 6,923 million.
- Adjusted EBITA down 11% at SEK 1,255 million.

*Positive currency effect SEK 124 million.*
Orders received

<table>
<thead>
<tr>
<th>Quarter</th>
<th>SEK million R 12</th>
<th>Order intake per quarter</th>
<th>% development at constant rates by quarter, year on year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q109</td>
<td>32 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q408</td>
<td>24 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q308</td>
<td>16 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q208</td>
<td>12 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q108</td>
<td>8 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q407</td>
<td>4 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q307</td>
<td>4 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q207</td>
<td>4 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q107</td>
<td>4 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q406</td>
<td>4 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q306</td>
<td>4 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q206</td>
<td>4 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q106</td>
<td>4 000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- +28% = rolling twelve months value
- +xx% = % development at constant rates by quarter, year on year
- -15% = order intake per quarter
## Order analysis

### January – March 2009

<table>
<thead>
<tr>
<th></th>
<th>2008 (SEK millions)</th>
<th>2009 (SEK million)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total, %</strong></td>
<td>7,433</td>
<td>5,853</td>
</tr>
<tr>
<td><strong>Currency effects, %</strong></td>
<td>+10.3</td>
<td></td>
</tr>
<tr>
<td><strong>Structural change, %</strong></td>
<td>+ 2.2</td>
<td></td>
</tr>
<tr>
<td><strong>Organic development, %</strong></td>
<td>-33.8</td>
<td></td>
</tr>
</tbody>
</table>
Organic development

Q1 08
- Marine cancellations: -1.2%
- Marine orders: -64%
- Other segments: -27%

Q1 09
- Orders: -23.6%

www.alfalaval.com
Adjusted EBITA / margin *

SEK millions and in percent of sales

* Adjusted EBITA – “Earnings before interests, taxes, amortization of goodwill and step up values and comparison distortion items.”

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Highlights during the quarter

Large orders, total SEK 140 million (390)

* Heat exchanger order from Russian power plant.
  Order value SEK 75 million. Delivery in 2010.
Highlights during the quarter

Large orders, total SEK 140 million (390)

- Heat exchanger order from Russian power plant.
- Heat exchanger order from Indian aluminum industry.

Order value SEK 65 million. Final delivery in 2010.
Highlights during the quarter

Acquisitions

**Two acquisitions expand aftermarket business.**

*Both companies are major providers of parts and service for a variety of products, applications and geographical areas. Combined sales of about SEK 300 million in 2008.*
Highlights during the quarter

Acquisitions

🌟 Two acquisitions expand aftermarket business.
🌟 Onnuri - South Korean system-builder.

*Onnuri is a system-provider to the shipbuilding and diesel power markets. The company had sales of about SEK 150 million in 2008.*
Highlights during the quarter

Acquisitions

* Two acquisitions expand aftermarket business.
* Onnuri - South Korean system-builder.
* HES GmbH Heat Exchanger Systems.

German provider of spiral heat exchangers, mainly to the process industry. Sales of about SEK 85 million in 2008.
Highlights during the quarter

**Acquisitions**

- Two acquisitions expand aftermarket business.
- Onnuri - South Korean system-builder.
- Two acquisitions extend Tranter’s presence.

*Local companies in Poland and Mexico with combined sales of about SEK 50 million expand Tranter’s presence in sales and service.*
### Highlights during the quarter

#### Acquisitions

- Two acquisitions expand aftermarket business.
- Onnuri - South Korean system-builder.
- Two acquisitions extend Tranter’s presence.
- Approximately 12 percent of Alfa Laval India Ltd.

*Alfa Laval AB increased its share in the Indian company to about 89 percent.*
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Orders received by customer segment

January – March 2009, at constant rates
Orders received by customer segment
Process Technology Division January – March 2009, at constant rates

* Environment reported growth.
* Lower project activity affected Food and Process Industry.
Orders received by customer segment
Equipment Division, January – March 2009, at constant rates

- Largest drop in Marine due to continued decline in market activity.
- Good level of activity in market for diesel power.
Growth in capital sales represents opportunities for Parts & Service.

Growth in capital sales (fixed rates)

- Sales growth aftermarket-intensive areas: +166%
- Sales growth Alfa Laval +90%
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Orders received by Region
January – March 2009, at constant rates

- North America: 17%
- L. America: 5%
- Asia: 31%
- Western Europe: 27%
- Nordic: 10%
- Centr. & East: 8%
- Other: 2%

Growth rates:
- North America: -22%
- L. America: -22%
- Asia: -45%
- Western Europe: -29%
- Nordic: -42%
- Centr. & East: -16%
North America

- Unchanged order intake for Equipment, Process Technology orders very weak.

Latin America

- Major decline in the region due to lower order intake in Brazil.
- Refinery did well in Chile, Mexico and Ecuador.
Highlights Europe
January – March 2009, at constant rates

Western Europe incl. Nordic
- Negative development for all segments except Energy & Environment.
- Sequential decline of 10 percent.

Central and Eastern Europe
- Overall weak development in most markets.
Asia

- General decline in most markets - India bucked the trend.
- Sequential decline of 2 percent.
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Mr. Thomas Thuresson
CFO
Alfa Laval Group
## Highlights

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<td>Order intake</td>
<td>5,853</td>
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<tr>
<td>Net sales</td>
<td>6,923</td>
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Gross profit margin

In percent of sales

Q106  Q206  Q306  Q406  Q107  Q207  Q307  Q407  Q108  Q208  Q308  Q408  Q109
38.9  38.9  38.9  42.9  42.9  42.9  38.9  38.9  38.9  38.5

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<td>Adjusted EBITA-margin</td>
<td>18.1%</td>
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<tr>
<td>Profit before tax</td>
<td>1,114</td>
</tr>
</tbody>
</table>
Status report on January’s workforce reduction program

- Program running as planned. Year on year reduction in S&A and R&D of 7% and 5% respectively.
- 323 had left the company by end of March.
- In addition work sharing utilized in the Netherlands and Italy and a number of contract labor has been reduced, particularly in India.
- Total cost for program SEK 270 million, charged to the 4Q 2008.
## Earnings per share

<table>
<thead>
<tr>
<th></th>
<th>Jan – March</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings</td>
<td></td>
<td>1.80</td>
<td>2.06</td>
</tr>
<tr>
<td>Earnings, excluding step-up</td>
<td></td>
<td>1.93</td>
<td>2.19</td>
</tr>
</tbody>
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## Highlights

<table>
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</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>1,058</td>
</tr>
<tr>
<td>ROCE</td>
<td>64.3%</td>
</tr>
<tr>
<td>ROE</td>
<td>50.3%</td>
</tr>
</tbody>
</table>
Cash-flow statement

<table>
<thead>
<tr>
<th></th>
<th>Q1 2009</th>
<th>Q1 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SEK millions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flow from</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- operating activities</td>
<td>1058</td>
<td>729</td>
</tr>
<tr>
<td>- investing activities</td>
<td>-1205</td>
<td>-134</td>
</tr>
<tr>
<td>Financial net paid</td>
<td>-133</td>
<td>16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-280</td>
<td>611</td>
</tr>
<tr>
<td><strong>Pro Forma Free-cash-flow</strong> *</td>
<td>835</td>
<td>651</td>
</tr>
</tbody>
</table>

*Incl. operating activities, capital expenditure and financial net paid.
## Foreign exchange

**Estimated impact on adjusted EBITA from Fx. fluctuations**

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Q1 09</th>
<th>WY 09</th>
<th>WY 10*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Translation effect</td>
<td>145</td>
<td>465</td>
<td>0</td>
</tr>
<tr>
<td>Transaction effect</td>
<td>-21</td>
<td>10</td>
<td>500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>124</td>
<td>475</td>
<td>500</td>
</tr>
</tbody>
</table>

*Based on EUR/USD 1.32 and EUR/SEK 10.80*
Order backlog as per March 31

<table>
<thead>
<tr>
<th>Year</th>
<th>For delivery during rest of current year</th>
<th>For delivery next year or later</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>8,780</td>
<td>5,051</td>
</tr>
<tr>
<td>2008</td>
<td>9,818</td>
<td>5,725</td>
</tr>
<tr>
<td>2009</td>
<td>10,168</td>
<td>5,246</td>
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SEK millions
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“We expect demand during the second quarter to be in line with, or somewhat lower than, the first quarter 2009.”