Report for Q1 2010

- 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 2010

- Orders received dropped 13.1% to SEK 5,089 million.
- Net sales down 22.3% at SEK 5,381 million.
- Adjusted EBITA down 19% to SEK 1,012 million.
- Adjusted EBITA margin increased to 18.8%
  - Positive currency effect SEK 95 million.
Orders received

<table>
<thead>
<tr>
<th>Quarter</th>
<th>SEK million R 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q106</td>
<td>50,000</td>
</tr>
<tr>
<td>Q206</td>
<td>55,000</td>
</tr>
<tr>
<td>Q306</td>
<td>60,000</td>
</tr>
<tr>
<td>Q406</td>
<td>65,000</td>
</tr>
<tr>
<td>Q107</td>
<td>70,000</td>
</tr>
<tr>
<td>Q207</td>
<td>75,000</td>
</tr>
<tr>
<td>Q307</td>
<td>80,000</td>
</tr>
<tr>
<td>Q407</td>
<td>85,000</td>
</tr>
<tr>
<td>Q108</td>
<td>90,000</td>
</tr>
<tr>
<td>Q208</td>
<td>95,000</td>
</tr>
<tr>
<td>Q308</td>
<td>100,000</td>
</tr>
<tr>
<td>Q408</td>
<td>105,000</td>
</tr>
<tr>
<td>Q109</td>
<td>110,000</td>
</tr>
<tr>
<td>Q209</td>
<td>115,000</td>
</tr>
<tr>
<td>Q309</td>
<td>120,000</td>
</tr>
<tr>
<td>Q409</td>
<td>125,000</td>
</tr>
<tr>
<td>Q110</td>
<td>130,000</td>
</tr>
</tbody>
</table>

- **Q106 to Q206**: +28% (rolling twelve months value)
- **Q206 to Q306**: +35%
- **Q306 to Q406**: +40%
- **Q406 to Q107**: +36%
- **Q107 to Q207**: +13%
- **Q207 to Q307**: +30%
- **Q307 to Q407**: 0%
- **Q407 to Q108**: +9%
- **Q108 to Q208**: +6%
- **Q208 to Q308**: -3%
- **Q308 to Q408**: -19%
- **Q408 to Q109**: -32%
- **Q109 to Q209**: -37%
- **Q209 to Q309**: -30%
- **Q309 to Q409**: -12%
- **Q409 to Q110**: -13%

= rolling twelve months value  
+xx% = % development at constant rates by quarter, year on year

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# Order analysis

<table>
<thead>
<tr>
<th></th>
<th>January – March 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2009</strong> (SEK millions)</td>
<td>5,853</td>
</tr>
<tr>
<td>Structural change, %</td>
<td>+ 3.2</td>
</tr>
<tr>
<td>Currency effects, %</td>
<td>- 7.1</td>
</tr>
<tr>
<td>Organic development, %</td>
<td>- 9.2</td>
</tr>
<tr>
<td>Total, %</td>
<td>- 13.1</td>
</tr>
<tr>
<td><strong>2010</strong> (SEK million)</td>
<td>5,089</td>
</tr>
</tbody>
</table>
Adjusted EBITA / margin *

*Adjusted EBITA – “Earnings before interests, taxes, amortization of goodwill and step up values and comparison distortion items.”
Interim Report Q1 2010

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Mr. Lars Renström
President and CEO
Alfa Laval Group
**Highlights during the quarter**

Large orders, total SEK 140 million (140)

- Cleantech order in Malaysia.
  
Highlights during the quarter

Large orders, total SEK 140 million (140)

- Cleantech order in Malaysia.
- Refinery order in Saudi Arabia.
  Order value SEK 90 million. Delivery in 2011.
Highlights during the quarter

Acquisitions

* Champ – U.S. supplier of cooling equipment.
  Leading supplier of engine cooling solutions to the North American market.
  Sales of about SEK 100 million in 2009 and some 75 employees.
Highlights during the quarter

**Acquisitions**

- Champ – U.S. supplier of cooling equipment.
- U.S. service provider for plate heat exchangers.

The company adds sales of about SEK 100 million and will remain a separate brand.
Highlights during the quarter

Acquisitions

- Champ – U.S. supplier of cooling equipment.
- U.S. service provider for plate heat exchangers.
- Astepo – Italian provider of aseptic products.

The company, which makes bag-in-box fillers and heat exchangers had sales of about SEK 70 million in 2009 and about 20 employees.
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Mr. Lars Renström
President and CEO
Alfa Laval Group
Orders received by customer segment

January – March 2010, at constant rates

Life Science
Process Industry
Energy & Environment
Food
Parts & Service
Industrial Equipment*
Marine & Diesel
OEM
Sanitary

* Industrial Equipment is a new customer segment, a combination of the two former segments Comfort & Refrigeration and Fluids & Utility.
Orders received by customer segment

Sequential development 1Q versus 4Q, at constant rates

- Life Science
- Process Industry
- Energy & Environment
- Food
- Parts & Service
- Industrial Equipment
- Marine & Diesel
- OEM
- Sanitary

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Orders received by customer segment

Process Technology Division January – March 2010, at constant rates

- Fewer large projects had negative impact, especially on Process Industry.
- Strong quarter for Oil & Gas.
- Food Technology lifted by strong development for vegetable oil.
Orders received by customer segment

Equipment Division, January – March 2010, at constant rates

- Order intake up somewhat sequentially.
- Sanitary grew, driven by a broad increase in the base business.
- Increased demand for Parts & Service both on year and sequentially.
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Orders received by Region
January – March 2010, at constant rates

- North America 19%
- Western Europe 26%
- Centr. & East 8%
- Nordic 10%
- L. America 6%
- Asia 29%

Orders received by Region

Orders received by Region

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Orders received by Region
Sequential development Q1 versus Q4, at constant rates

- North America 19%
- L. America 6%
- Asia 29%
- Western Europe 26%
- Centr. & East 8%
- Nordic 10%
- Other 2%

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Highlights Americas

January – March 2010, at constant rates

North America
- Order intake grew both sequentially and on year.
- Best development seen in Industrial Equipment, Energy & Environment and Parts & Service, sequentially and on year.

Latin America
- Good development for almost all segments.
- Base business developed strongly both sequentially and year on year.
Highlights Europe
January – March 2010, at constant rates

**Western Europe incl. Nordic**
- All segments declined versus last year except Life Science and Marine & Diesel.
- Sequentially order intake was slightly lower.

**Central and Eastern Europe**
- Equipment Division was flat, Process Technology Division dropped due to non-repeat large orders.
Highlights Asia
January – March 2010, at constant rates

Asia
- Order intake negatively affected by continued weakness in Marine.
- Good development for Parts & Service.
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Mr. Thomas Thuresson
CFO
Alfa Laval Group
## Highlights

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<td>Order intake</td>
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<tr>
<td>Net sales</td>
<td>5,381</td>
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</tbody>
</table>
Gross profit margin

In percent of sales

Q107  Q207  Q307  Q407  Q108  Q208  Q308  Q408  Q109  Q209  Q309  Q409  Q110

38.9  40.0  42.9  42.7  38.5
# Gross Profit Margin

- analysis year-on-year and sequentially

<table>
<thead>
<tr>
<th>In percent</th>
<th>Q1 2009</th>
<th>Q4 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>38.5</td>
<td>38.7</td>
</tr>
<tr>
<td>- Foreign exchange, transaction</td>
<td>+ 2.8</td>
<td>+ 2.8</td>
</tr>
<tr>
<td>- Change in product mix</td>
<td>+ &gt; 1.5</td>
<td>+ &gt; 2.0</td>
</tr>
<tr>
<td>Sub.total:</td>
<td>43.0</td>
<td>43.5</td>
</tr>
</tbody>
</table>

- Procurement (pos)
- Productivity (pos)
- Price adjustments (pos)
- Margin in order backlog (neg)
- Volume (neg)

Actual for Q1 2010: 42.7 42.7
## Highlights

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<td>18.8%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>900</td>
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</tbody>
</table>
## Overview cost and capacity adjustment
- update as per March 31st, 2010

<table>
<thead>
<tr>
<th>In SEK million</th>
<th>Q1 2010</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales &amp; Administration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research &amp; Development</td>
<td>195</td>
<td>&gt; 900</td>
</tr>
<tr>
<td>Indirect Personnel in COGS</td>
<td></td>
<td>Achieved</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Full impact from January program achieved in Q4 2009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Savings from further measures – full impact from Q1 2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capacity reduction targeted with initiated savings: 25 - 35 %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reductions as per March 31st</td>
<td>1,460</td>
<td></td>
</tr>
<tr>
<td>- of which work-sharing represents approx. 160 FTE's</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Earnings per share

<table>
<thead>
<tr>
<th></th>
<th>Jan – March</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>2009</td>
</tr>
<tr>
<td>Earnings</td>
<td>1.45</td>
<td>1.80</td>
</tr>
<tr>
<td>Earnings, excluding step-up</td>
<td>1.62</td>
<td>1.93</td>
</tr>
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</table>
## Highlights

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<tr>
<td>Profit before tax</td>
<td>900</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>1,007</td>
</tr>
<tr>
<td>ROCE</td>
<td>31.7%</td>
</tr>
<tr>
<td>ROE</td>
<td>22.3%</td>
</tr>
</tbody>
</table>
# Cash-flow statement

<table>
<thead>
<tr>
<th>SEK millions</th>
<th>Jan – March 2010</th>
<th>Jan – March 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- operating activities</td>
<td>1,007</td>
<td>1,058</td>
</tr>
<tr>
<td>- investing activities</td>
<td>- 330</td>
<td>-1,205</td>
</tr>
<tr>
<td>Financial net paid</td>
<td>+ 48</td>
<td>- 133</td>
</tr>
<tr>
<td>Total</td>
<td>725</td>
<td>- 280</td>
</tr>
</tbody>
</table>

| Pro Forma Free-cash-flow* | 1,000 | 835 |

*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 10</th>
<th>WY 10</th>
<th>WY 11*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Translation effect</td>
<td>-54</td>
<td>-75</td>
<td>-</td>
</tr>
<tr>
<td>Transaction effect</td>
<td>+149</td>
<td>+450</td>
<td>-155</td>
</tr>
<tr>
<td>Total</td>
<td>+95</td>
<td>+375</td>
<td>-155</td>
</tr>
</tbody>
</table>

*Based on EUR/USD 1.36 and EUR/SEK 9.75*
Order backlog as per March 31

<table>
<thead>
<tr>
<th>Year</th>
<th>For delivery 2010</th>
<th>For delivery later than 2010</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>9,818</td>
<td>5,725</td>
<td>15,543</td>
</tr>
<tr>
<td>2009</td>
<td>10,168</td>
<td>5,246</td>
<td>15,414</td>
</tr>
<tr>
<td>2010</td>
<td>8,574</td>
<td>2,835</td>
<td>11,409</td>
</tr>
</tbody>
</table>

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Interim Report Q1 2010

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Outlook for the second quarter

“We expect demand during the second quarter to be on about the same level as during the first quarter.”