Report for Q1 2011

- 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 2011

- Orders received rose 27% to SEK 6,455 million.
- Net sales increased 10% to SEK 5,899 million.
- Adjusted EBITA up 12% at SEK 1,134 million.
- Adjusted EBITA margin 19.2% vs 18.8%
  - Negative currency effect SEK 85 million.
## Order analysis

<table>
<thead>
<tr>
<th></th>
<th>Jan – March 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2010 (SEK millions)</strong></td>
<td>5,089</td>
</tr>
<tr>
<td>Structural change, %</td>
<td>+ 4.4</td>
</tr>
<tr>
<td>Currency effects, %</td>
<td>- 11.4</td>
</tr>
<tr>
<td>Organic development, %</td>
<td>+ 33.8</td>
</tr>
<tr>
<td><strong>Total, %</strong></td>
<td>+ 26.8</td>
</tr>
<tr>
<td><strong>2011 (SEK million)</strong></td>
<td>6,455</td>
</tr>
</tbody>
</table>
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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Alfa Laval Group
Highlights during the quarter

Large orders, total SEK 185 million (140)

* Food order in India.
  
  Order to a vegetable oil plant in India. The order value is approximately SEK 50 million and delivery is scheduled for 2011.
Highlights during the quarter

Large orders, total SEK 185 million (140)

* Food order in India.
* Refinery order in Saudi Arabia.

Order for Packinox heat exchangers worth approximately SEK 75 million, delivery scheduled for 2012.
Highlights during the quarter

Large orders, total SEK 185 million (140)

- **Food order in India.**
- **Refinery order in Saudi Arabia.**
- **Power order from MAN.**

SEK 60 million order for oil-treatment modules to a power plant. Delivery scheduled for 2012.
Closing of transaction is subject to clearance from regulatory authorities. Clearance obtained in 4 jurisdictions out of 5, as of March 31st.

Decision from Chinese authorities is still pending.
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Orders received by customer segment

Process Technology Division Jan – March 2011, at constant rates

- Life Science
- Process Industry
- Energy & Environment
- Food
- Parts & Service

- Oil & Gas boosted by capacity investments
- Recovery in demand for waste-water applications
- Process industry did well in most end markets
Orders received by customer segment
Equipment Division, Jan – March 2011, at constant rates

- Industrial Equipment up on strong demand for refrigeration applications
- Continued increase in demand for Sanitary
- Marine got continued support from last year's contracting at the yards
Orders received by customer segment

Jan - March 2011, 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 Region
Jan – March 2011, at constant rates

- Asia 34%
- Western Europe 24%
- Nordic 9%
- North America 18%
- L. America 6%
- Other 2%

Growth:
- +55%
- +50%
- +34%
- +23%
- +23%
- +31%
Highlights Americas
Jan – March 2011, at constant rates

North America
* Good contribution from the base business
* Particularly good development for segments in the Process Technology division

Latin America
* Strong development for base business and large orders alike
* Good sales growth in Brazil, Mexico and Chile
Highlights Europe
Jan – March 2011, at constant rates

Western Europe incl. Nordic
- Substantial growth in base business
- Best development seen in Process Industry, Food Technology and Marine & Diesel

Central and Eastern Europe
- Strong quarter; particularly for Sanitary and Food
- Russia and the Czech Republic did well
Highlights Asia
Jan – March 2011, at constant rates

Asia

- Very strong development in China and Korea
- Marine and Process Industry performed the best
- Japanese earthquake had negligible effect on the operations
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Mr. Thomas Thuresson
CFO
Alfa Laval Group
## Highlights

<table>
<thead>
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<th>SEK millions</th>
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<td>Order intake</td>
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<tr>
<td>Net sales</td>
<td>5,899</td>
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</table>
Gross profit margin

In percent of sales

- Q108: 42.9
- Q208: 42.9
- Q308: 42.9
- Q408: 42.9
- Q109: 42.9
- Q209: 38.5
- Q309: 38.5
- Q409: 42.7
- Q110: 40.4
- Q210: 40.4
- Q310: 40.4
- Q410: 40.4
- Q111: 40.4
## Gross Profit Margin
- Analysis year-on-year

<table>
<thead>
<tr>
<th>In percent</th>
<th>Q1 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual Q1 ‘10</td>
<td>42.7</td>
</tr>
<tr>
<td>- Foreign exchange, transaction</td>
<td>-0.5</td>
</tr>
<tr>
<td>- Changes in mix</td>
<td>-1.7</td>
</tr>
<tr>
<td><strong>Sub.total:</strong></td>
<td><strong>40.5</strong></td>
</tr>
<tr>
<td>- Procurement (neg)</td>
<td></td>
</tr>
<tr>
<td>- Productivity (pos)</td>
<td></td>
</tr>
<tr>
<td>- Margin in order backlog (neg)</td>
<td></td>
</tr>
<tr>
<td>- Price and volume (pos)</td>
<td></td>
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<td><strong>Actual for Q1 2011:</strong></td>
<td><strong>40.4</strong></td>
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<td>Adjusted EBITA-mARGIN</td>
<td>19.2%</td>
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<td>Profit before tax</td>
<td>1,007</td>
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## Earnings per share

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<th>Jan - March</th>
<th></th>
</tr>
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<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td>Earnings</td>
<td>1.71</td>
<td>1.45</td>
</tr>
<tr>
<td>Earnings, excluding step-up</td>
<td>1.83</td>
<td>1.62</td>
</tr>
<tr>
<td>Highlights</td>
<td>Jan – March 2011</td>
<td></td>
</tr>
<tr>
<td>------------------------------------------------</td>
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<tr>
<td>Profit before tax</td>
<td>1,007</td>
<td></td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>438</td>
<td></td>
</tr>
<tr>
<td>ROCE</td>
<td>38.3%</td>
<td></td>
</tr>
<tr>
<td>ROE</td>
<td>24.6%</td>
<td></td>
</tr>
</tbody>
</table>
## Cash-flow statement

### Pro Forma Free cash-flow*  
*Incl. operating activities, capital expenditure and financial net paid.

<table>
<thead>
<tr>
<th>SEK millions</th>
<th>Jan – March 2011</th>
<th>Jan – March 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow from</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- operating activities</td>
<td>438</td>
<td>1,007</td>
</tr>
<tr>
<td>- investing activities</td>
<td>-116</td>
<td>-330</td>
</tr>
<tr>
<td>Financial net paid</td>
<td>+151</td>
<td>+48</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>473</td>
<td>725</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Pro Forma Free cash-flow</strong></th>
<th>528</th>
<th>1000</th>
</tr>
</thead>
</table>
## Foreign exchange

### Estimated impact on adjusted EBITA from FX fluctuations

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Q1 11</th>
<th>WY 11</th>
<th>WY 12*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Translation effect</td>
<td>-57</td>
<td>- 245</td>
<td>-</td>
</tr>
<tr>
<td>Transaction effect</td>
<td>-28</td>
<td>-180</td>
<td>-200</td>
</tr>
<tr>
<td>Total</td>
<td>-85</td>
<td>-425</td>
<td>-200</td>
</tr>
</tbody>
</table>

*Based on EUR/USD 1.43 and EUR/SEK 9.00*
Order backlog as per March 31

<table>
<thead>
<tr>
<th>Year</th>
<th>For delivery in 2011</th>
<th>For delivery later than 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>10,168</td>
<td>5,246</td>
</tr>
<tr>
<td>2010</td>
<td>8,574</td>
<td>2,835</td>
</tr>
<tr>
<td>2011</td>
<td>8,910</td>
<td>2,418</td>
</tr>
</tbody>
</table>

- For delivery in 2011
- For delivery later than 2011
# Sales

## Full year 2011

<table>
<thead>
<tr>
<th></th>
<th>SEK (bln)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full year 2010</td>
<td>24.7</td>
</tr>
<tr>
<td>FX-translation</td>
<td>- 1.9</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>22.8</strong></td>
</tr>
<tr>
<td>Orders “in-for-out”</td>
<td>?</td>
</tr>
<tr>
<td>Price</td>
<td>?</td>
</tr>
<tr>
<td>Acquisitions (incl Olmi)</td>
<td>+ 0.4</td>
</tr>
<tr>
<td>Aalborg (8 months as 2010)</td>
<td>+ 2.0</td>
</tr>
<tr>
<td><strong>Full year 2011</strong></td>
<td></td>
</tr>
</tbody>
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Outlook for the second quarter

“We expect demand during the second quarter 2011 to be somewhat higher than the second quarter of 2010.”