Report for Q2 2011

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

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

### April – June 2011
- Orders received rose 18% to SEK 7,424 million.
- Net sales increased 11% to SEK 7,033 million.
- Adjusted EBITA up 12% at SEK 1,335 million.
- Adjusted EBITA margin 19.0% vs 18.7%
  - *Negative currency effect SEK 189 million.*

### January – June 2011
- Orders received rose 22% to SEK 13,879 million.
- Net sales increased 10% to SEK 12,932 million.
- Adjusted EBITA up 12% at SEK 2,469 million.
- Adjusted EBITA margin 19.1% vs 18.8%
  - *Negative currency effect SEK 274 million.*
Orders received

SEK million

Q207 Q307 Q407 Q108 Q208 Q308 Q408 Q109 Q209 Q309 Q409 Q110 Q210 Q310 Q410 Q111 Q211

+13% +30% 0% +9% +8% -3% -15% -32% -37% -30% -9% -6% +25% +23% +23% +38% +32% +38%

= rolling twelve months value

= order intake per quarter

+xx% = % development at constant rates by quarter, year on year
## Order analysis

<table>
<thead>
<tr>
<th></th>
<th>April – June 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2010 (SEK millions)</strong></td>
<td>6,267</td>
</tr>
<tr>
<td>Structural change, %</td>
<td>+ 9.4</td>
</tr>
<tr>
<td>Currency effects,%</td>
<td>- 13.8</td>
</tr>
<tr>
<td>Organic development, %</td>
<td>+ 22.9</td>
</tr>
<tr>
<td>Total, %</td>
<td>+ 18.5</td>
</tr>
<tr>
<td><strong>2011 (SEK million)</strong></td>
<td>7,424</td>
</tr>
</tbody>
</table>
Adjusted EBITA / margin *

*Adjusted EBITA – “Earnings before interests, taxes, amortization of goodwill and step up values and comparison distortion items.”
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Mr. Lars Renström
President and CEO
Alfa Laval Group
Highlights during the quarter

Total large orders > SEK 500 Mln (240 Mln)

* Solar power order in the U.S.
  Packinox heat exchangers to the world’s largest concentrated solar power plant. Delivery is scheduled for 2012.
Highlights during the quarter

Total large orders > SEK 500 Mln (240 Mln)

- Solar power order in the U.S.
- Energy-efficiency order in Russia.

Order for compact heat exchangers to a Russian refinery worth approximately SEK 70 million, delivery scheduled for 2012.
Highlights during the quarter

Total large orders > SEK 500 Mln (240 Mln)

* Solar power order in the U.S.
* Energy-efficiency order in Russia.
* Food order in India.

Order for a process line to a vegetable oil plant in India worth approximately SEK 65 million. Delivery is scheduled for 2012.
Highlights during the quarter

Total large orders > SEK 500 Mln (240 Mln)

- Solar power order in the U.S.
- Energy-efficiency order in Russia.
- Food order in India.
- Brewery order in Brazil.

Solution to one of the world’s largest brewery groups worth approximately SEK 135 million. Delivery is scheduled for 2011.
Aalborg Industries synergies/cost

- Annual synergies expected to reach SEK 100 mln during latter part of 2013, of which 50 percent relates to cost synergies and 50 percent to sales synergies.
- Integration estimated to generate non-recurring costs of SEK 80 mln. These were booked in the second quarter.
- Aalborg added SEK 402 mln to orders, SEK 556 mln to sales and SEK 111 mln to EBITA in the quarter.
- Aalborg’s order intake was split 49% Marine & Diesel, 9% Process Industry, 36% Equipment Parts & Service and 6% Process Technology P&S.
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President and CEO
Alfa Laval Group
Orders received by customer segment
Process Technology Division April – June 2011, at constant rates

- Oil & Gas activity remained high
- Food lifted by brewery and vegetable oil investments in fast growing countries
- Process industry had strong growth across the line

Process Industry
Energy & Environment
Food
Parts & Service
Orders received by customer segment
Equipment Division, April – June 2011, at constant rates

- Sanitary benefitted from demand situation in fast-growing economies
- Marine up on the back of the contracting late last year
- High utilization rates continued to trigger demand for Parts & Service
Orders received by customer segment
Jan – June 2011, at constant rates

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

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Orders received by Region

April – June 2011, at constant rates

Asia 34%

North America 17%

L. America 7%

Western Europe 22%

Nordic 9%

Centr. & East 9%

Other 2%

% Growth:

+64

+52

+44

+64

+20

+16

+32
All segments reported growth

The base business had a good development

Very strong development, boosted by large orders booked in the quarter

Good growth in Food Technology and Industrial Equipment
Highlights Europe

April – June 2011, at constant rates

Western Europe incl. Nordic
- The base business had a very good development
- Industrial Equipment and Energy & Environment performed the best

Central and Eastern Europe
- Excellent development, for base business and large orders alike
- Process Industry and Marine & Diesel did particularly well as did Russia, Turkey and the Baltics
Highlights Asia
April – June 2011, at constant rates

Asia
- Positive development was broad based, across most segments and countries
- Energy & Environment and Marine did particularly well
- Continued strong performance in China and South East Asia
Orders received by Region
Jan – June 2011, at constant rates

Asia 33%

North America 18%

Western Europe 23%

Nordic 9%

Centr. & East 8%

Other 2%

+31

+45

+26

+19

+49

+51
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Mr. Thomas Thuresson
CFO
Alfa Laval Group
## Highlights

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<th>SEK millions</th>
<th>April – June 2011</th>
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<td>Order intake</td>
<td>7,424</td>
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<td>Net sales</td>
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## Gross Profit Margin
- analysis year-on-year and sequentially

<table>
<thead>
<tr>
<th>In percent</th>
<th>Q2 2010</th>
<th>Q1 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>39.6</td>
<td>40.4</td>
</tr>
<tr>
<td>- Foreign exchange, transaction</td>
<td>- 0.6</td>
<td>- 0.1</td>
</tr>
<tr>
<td>- Changes in mix</td>
<td>- 0.1</td>
<td>-0.5</td>
</tr>
<tr>
<td><strong>Sub.total:</strong></td>
<td><strong>38.9</strong></td>
<td><strong>39.8</strong></td>
</tr>
<tr>
<td>- Procurement (neg)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Productivity (pos)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Margin in order backlog (neg)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Price and volume (pos)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Actual for Q2 2011:</strong></td>
<td><strong>41.1</strong></td>
<td><strong>41.1</strong></td>
</tr>
<tr>
<td>SEK millions</td>
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<tr>
<td>Adjusted EBITA</td>
<td>1,335</td>
<td></td>
</tr>
<tr>
<td>Adjusted EBITA-margin</td>
<td>19.0%</td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>1,175</td>
<td></td>
</tr>
</tbody>
</table>
## Earnings per share

<table>
<thead>
<tr>
<th></th>
<th>April – June</th>
<th>June</th>
<th>Jan - June</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
<td>2011</td>
</tr>
<tr>
<td>Earnings</td>
<td>1.92</td>
<td>1.97</td>
<td>3.63</td>
</tr>
<tr>
<td>Earnings, excluding</td>
<td>2.11</td>
<td>1.62</td>
<td>3.94</td>
</tr>
</tbody>
</table>
### Highlights

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<tr>
<td>Profit before tax</td>
<td>1,175</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>1,432</td>
</tr>
<tr>
<td>ROCE</td>
<td>34.0%</td>
</tr>
<tr>
<td>ROE</td>
<td>24.1%</td>
</tr>
</tbody>
</table>
# Cash-flow statement

<table>
<thead>
<tr>
<th>SEK millions</th>
<th>Jan – June 2011</th>
<th>Jan – June 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow from</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- operating activities</td>
<td>+1,870</td>
<td>+1,899</td>
</tr>
<tr>
<td>- investing activities</td>
<td>- 5,059</td>
<td>- 452</td>
</tr>
<tr>
<td>Financial net paid</td>
<td>+ 274</td>
<td>- 36</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-2,915</td>
<td>1,411</td>
</tr>
</tbody>
</table>

**Pro Forma Free cash-flow***: 1,976 1,728

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

**2Q Pro Forma Free cash-flow***: 1,448 728
### Foreign exchange

**Estimated impact on adjusted EBITA from FX fluctuations**

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Q2 11</th>
<th>1H 11</th>
<th>WY 11</th>
<th>WY 12*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Translation effect</td>
<td>-145</td>
<td>-202</td>
<td>-260</td>
<td>-</td>
</tr>
<tr>
<td>Transaction effect</td>
<td>-44</td>
<td>-72</td>
<td>-195</td>
<td>-225</td>
</tr>
<tr>
<td>Total</td>
<td>-189</td>
<td>-274</td>
<td>-455</td>
<td>-225</td>
</tr>
</tbody>
</table>

*Based on EUR/USD 1.43 and EUR/SEK 9.00

*Projected FX-effect for 2011 as communicated with the Q1 report SEK -425 million*
Order backlog as per June 30

SEK millions

<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>8,311</td>
<td>5,313</td>
</tr>
<tr>
<td>2010</td>
<td>7,804</td>
<td>3,668</td>
</tr>
<tr>
<td>2011</td>
<td>9,335</td>
<td>5,211</td>
</tr>
</tbody>
</table>

For delivery in 2011

For delivery later than 2011

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# 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>- 1.7</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>23.0</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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“We expect that demand during the third quarter will be higher than in the third quarter of 2010.”