Report for Q4 2011

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

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

October – December 2011
- Orders received rose 6% to SEK 6,774 million.
- Net sales increased 14% to SEK 8,149 million.
- Adjusted EBITA up 4% at SEK 1,387 million.
- Adjusted EBITA margin 17.0% vs 18.6%
  - Negative currency effect SEK 80 million.

January – December 2011
- Orders received rose 20% to SEK 28,671 million.
- Net sales increased 16% to SEK 28,652 million.
- Adjusted EBITA up 13% at SEK 5,287 million.
- Adjusted EBITA margin 18.5 % vs 18.9%
  - Negative currency effect SEK 468 million.
The Board of directors proposes

- A dividend of 3.25 SEK (3.00)
- A mandate to buy back up to 5 percent of the number of outstanding shares
Order analysis

Q4 2011 versus Q4 2010 and versus Q3 2011

<table>
<thead>
<tr>
<th></th>
<th>Q4 2010 (SEK mln)</th>
<th>Q3 2011</th>
<th>Q4 2011 (SEK mln)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural change, %</td>
<td>+ 10.8</td>
<td>-</td>
<td>6,774</td>
</tr>
<tr>
<td>Currency effects, %</td>
<td>- 2.5</td>
<td>+ 0.6</td>
<td></td>
</tr>
<tr>
<td>Organic development, %</td>
<td>- 2.1</td>
<td>- 16.1</td>
<td></td>
</tr>
<tr>
<td>Total, %</td>
<td>+ 6.2</td>
<td>-15.5</td>
<td></td>
</tr>
</tbody>
</table>

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

Total large orders SEK 220 Mln (310 Mln)

* Order from edible oil company in Indonesia.
  The order includes engineering as well as equipment to a company producing edible oil. The value is approximately SEK 85 million and delivery is scheduled for 2012.
Highlights during the quarter

Total large orders SEK 220 Mln (310 Mln)

- Order from edible oil company in Indonesia
- Diesel-power order in the Dominican Republic.
  
  The order, which is worth approximately SEK 65 million, includes air-cooled heat exchangers, boilers and separators for a combined-cycle power plant. Delivery is scheduled for 2012.
Highlights during the quarter

Total large orders SEK 220 Mln (310 Mln)

- Order from edible oil company in Indonesia
- Diesel-power order in the Dominican Republic.
- Energy-efficiency order from Russian refinery.

Alfa Laval will supply compact heat exchangers that will reuse heat in the refinery process for preheating crude oil, resulting in an energy-efficient solution. The value is approximately SEK 70 million and delivery is scheduled for 2012.
## Large orders in 2011

### Large orders, total SEK > 1 400 million (1 000)

<table>
<thead>
<tr>
<th>SEK mln</th>
<th>Country</th>
<th>Application</th>
<th>Industry</th>
<th>Delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td>50</td>
<td>India</td>
<td>Several</td>
<td>Food</td>
<td>2011</td>
</tr>
<tr>
<td>75</td>
<td>Saudi Arabia</td>
<td>Heat transfer</td>
<td>Refinery</td>
<td>2012</td>
</tr>
<tr>
<td>60</td>
<td>Germany</td>
<td>Oil treatment</td>
<td>Power</td>
<td>2012</td>
</tr>
<tr>
<td></td>
<td>US</td>
<td>Heat transfer</td>
<td>Power</td>
<td>2012</td>
</tr>
<tr>
<td></td>
<td>Russia</td>
<td>Energy efficiency</td>
<td>Refinery</td>
<td>2012</td>
</tr>
<tr>
<td></td>
<td>India</td>
<td>Several</td>
<td>Food</td>
<td>2012</td>
</tr>
<tr>
<td>135</td>
<td>Brazil</td>
<td>Several</td>
<td>Brewery</td>
<td>2011</td>
</tr>
<tr>
<td>110</td>
<td>Singapore</td>
<td>Heat transfer</td>
<td>Petrochem</td>
<td>2012</td>
</tr>
<tr>
<td>60</td>
<td>UAE</td>
<td>Heat transfer</td>
<td>Nuclear power</td>
<td>2013-18</td>
</tr>
<tr>
<td>50</td>
<td>China</td>
<td>Energy efficiency</td>
<td>Petrochem</td>
<td>2012</td>
</tr>
<tr>
<td>90</td>
<td>Middle East</td>
<td>Heat transfer</td>
<td>Natural gas</td>
<td>2012</td>
</tr>
<tr>
<td>100</td>
<td>India</td>
<td>Several</td>
<td>Food</td>
<td>2013</td>
</tr>
<tr>
<td>55</td>
<td>Kazakhstan</td>
<td>Energy efficiency</td>
<td>Refinery</td>
<td>2012</td>
</tr>
<tr>
<td>60</td>
<td>Canada</td>
<td>Water treatment</td>
<td>Environmental</td>
<td>2012</td>
</tr>
<tr>
<td>85</td>
<td>Indonesia</td>
<td>Several</td>
<td>Food</td>
<td>2012</td>
</tr>
<tr>
<td>65</td>
<td>Finland</td>
<td>Several</td>
<td>Diesel power</td>
<td>2012</td>
</tr>
<tr>
<td>70</td>
<td>Russia</td>
<td>Energy efficiency</td>
<td>Refinery</td>
<td>2012</td>
</tr>
</tbody>
</table>

www.alfalaval.com
Top 10 markets
Order intake 2011 YTD

United States
China
Nordic
Korea, South
Mid Europe
Adriatic
Russia
Brazil
India
Japan

0 1000 2000 3000 4000

SEK at prevailing rates
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Mr. Lars Renström
President and CEO
Alfa Laval Group
Orders received by customer segment

October – December 2011, at constant rates and like for like

- 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 Q4, sequential development at constant rates

- Stable development for base business and Parts & Service.
- Energy down due to non-repeat large orders. Environment lifted by strong development for base business.
- Food down. Still, continued growth for vegetable oil in Asia.

- Process Industry
- Energy & Environment
- Food
- Parts & Service
Orders received by customer segment
Equipment Division, Q4, sequential development at constant rates

- Sanitary rose on demand in Western Europe and North America.
- Marine & Diesel down following lower contracting levels at the yards.
- Industrial Equipment somewhat lower due to seasonality for certain applications.
Orders received by customer segment

January – December 2011, at constant rates and like for like

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

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President and CEO
Alfa Laval Group
Orders received by Region
October – December 2011, at constant rates

- Asia 31%
- Western Europe 21%
- Nordic 10%
- Central & East 11%
- L. America 7%
- North America 18%
- Other 2%
Orders received by Region

October – December 2011, sequential development at constant rates

- Asia: 31%, -9%
- Western Europe: 21%, -11%
- Centr. & East: 11%, -9%
- Nordic: 10%
- L. America: 7%
- North America: 18%
- Other: 2%
North America
- Order intake down, affected by non-repeat large orders.
- Base business was unchanged.

Latin America
- Order intake somewhat lower due to non-repeats in Process Technology division.
- Energy & Environment still showed good growth, as did the Equipment Division.
Western Europe incl. Nordic
- Dip in large orders had a negative impact in the region.
- Continued growth for the base business.

Central and Eastern Europe
- Strong development, boosted by the Process Technology division.
- Turkey and Russia both reported solid growth.
Asia

- Orders dropped due to a decline in Marine & Diesel and also non-repeat large orders in Process Technology.
- Wait-and-see mode for projects in India and China.
Orders received by Region

January–December 2011, at constant rates

Asia 35%

North America 17%

Western Europe 22%

Nordic 9%

Centr. & East 8%

Other 2%

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Report for Q4 2011

- Orders received and margins
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## Highlights

<table>
<thead>
<tr>
<th></th>
<th>October – December 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Order intake</strong></td>
<td>6,774</td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td>8,149</td>
</tr>
</tbody>
</table>
Gross profit margin

In percent of sales

Q408  Q109  Q209  Q309  Q409  Q110  Q210  Q310  Q410  Q111  Q211  Q311  Q411

40.2  38.7  39.3  37.8
<table>
<thead>
<tr>
<th>Highlights</th>
<th>Order intake</th>
<th>Net sales</th>
<th>Adjusted EBITA</th>
<th>Adjusted EBITA-margin</th>
<th>Structural cost for savings measures</th>
<th>Profit before tax</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SEK millions</strong></td>
<td>6,774</td>
<td>8,149</td>
<td>1,387</td>
<td>17.0%</td>
<td>-90</td>
<td>1,381</td>
</tr>
<tr>
<td><strong>October – December 2011</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Earnings per share

<table>
<thead>
<tr>
<th></th>
<th>Oct – Dec</th>
<th>Dec</th>
<th>Jan – Dec</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2010</td>
<td>2011</td>
<td>2010</td>
</tr>
<tr>
<td>Earnings</td>
<td>2.21</td>
<td>2.14</td>
<td>7.68</td>
<td>7.34</td>
</tr>
<tr>
<td>Earnings, excluding step-up</td>
<td>2.43</td>
<td>2.32</td>
<td>8.42</td>
<td>8.02</td>
</tr>
<tr>
<td>SEK millions</td>
<td>Oct – Dec 2011</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>----------------</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted EBITA-margin</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>1,381</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>1,291</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROCE</td>
<td>31.3%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROE</td>
<td>22.9%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Cash-flow statement

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow from</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- operating activities</td>
<td>+3,429</td>
<td>+4,098</td>
</tr>
<tr>
<td>- investing activities</td>
<td>- 5,497</td>
<td>- 1,417</td>
</tr>
<tr>
<td><strong>Financial net paid</strong></td>
<td>+ 105</td>
<td>- 84</td>
</tr>
<tr>
<td><strong>Dividends</strong></td>
<td>-1,258</td>
<td>-1,055</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-3,221</td>
<td>-1,542</td>
</tr>
<tr>
<td><strong>Pro Forma Free cash-flow</strong>*</td>
<td>2,979</td>
<td>3,585</td>
</tr>
</tbody>
</table>

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

| **4Q Pro Forma Free cash-flow*** | 983 | 805 |

www.alfalaval.com
Process to delist Alfa Laval India Ltd.

- Sept. 19th, Alfa Laval announced the aim to achieve full ownership of its subsidiary Alfa Laval India Ltd and seek delisting.

- The delisting proposal passed hurdle of receiving backing from two thirds of Alfa Laval India Ltd minority shareholders.

- Beginning of January an indicative price of INR 2 850/share was announced, but the actual cost is dependent on the fixing of the final price. However, at INR 2 850 per share, 100 percent of the outstanding shares represents about SEK760 million.

- The book-building process is estimated to open February 15th and results are expected to be available by the end of the month.

- Once Alfa Laval reaches an ownership of at least 94.4 percent, the company can go ahead and apply for delisting.
# Alfa Laval Group

Performance by Division - January - December 2011

<table>
<thead>
<tr>
<th>(Amounts in SEK m)</th>
<th>Process Technology*</th>
<th>Equipment</th>
<th>Marine &amp; Diesel*</th>
<th>Alfa Laval Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders Received</td>
<td>12,738</td>
<td>9,508</td>
<td>6,423</td>
<td>28,671</td>
</tr>
<tr>
<td>Order Backlog</td>
<td>6,889</td>
<td>1,385</td>
<td>5,462</td>
<td>13,736</td>
</tr>
<tr>
<td>Net Invoicing</td>
<td>12,160</td>
<td>9,447</td>
<td>7,043</td>
<td>28,652</td>
</tr>
</tbody>
</table>

| Operating Income / EBIT | 2,516 | 1,278 | 1,708 | 4,691 |
| - In % of sales         | 20.7  | 13.5  | 24.3  | 16.4  |

*) Incl. Aalborg from May 1st
Foreign exchange

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Q4 11</th>
<th>FY 11</th>
<th>WY 12*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Translation effect</td>
<td>-11</td>
<td>-278</td>
<td>105</td>
</tr>
<tr>
<td>Transaction effect</td>
<td>-69</td>
<td>-190</td>
<td>-110</td>
</tr>
<tr>
<td>Total</td>
<td>-80</td>
<td>-468</td>
<td>-5</td>
</tr>
</tbody>
</table>

*Based on EUR/USD 1.28 and EUR/SEK 9.00

Projected FX-effect for 2011 as communicated with the Q3 report **SEK -410 million**
## Order backlog as per Dec. 31

<table>
<thead>
<tr>
<th>Year</th>
<th>For delivery in 2012</th>
<th>For delivery later than 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>9,637</td>
<td>2,269</td>
</tr>
<tr>
<td>2010</td>
<td>9,573</td>
<td>1,979</td>
</tr>
<tr>
<td>2011</td>
<td>11,290</td>
<td>2,446</td>
</tr>
</tbody>
</table>

### Notes
- www.alfalaval.com
- © Alfa Laval
# Sales

**Full year 2012**

<table>
<thead>
<tr>
<th></th>
<th>SEK (bln)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Full year 2011</strong></td>
<td>28.7</td>
</tr>
<tr>
<td><strong>Order backlog, like-for-like</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>FX-translation</strong></td>
<td>+</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Aalborg, 4 months</strong></td>
<td>+</td>
</tr>
<tr>
<td><strong>Orders “in-for-out”</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Price</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Full year 2012</strong></td>
<td></td>
</tr>
</tbody>
</table>

*An indication based on FY orders 2011. Less 8 months of sales 2011.*
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President and CEO
Alfa Laval Group
Outlook for the first quarter

“We expect that demand during the first quarter 2012 will be in line with, or somewhat higher than, the fourth quarter 2011.”