Report for Q2 2012

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

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

**April – June 2012**

- Orders received rose 6% to SEK 7,904 million.
- Net sales increased 11% to SEK 7,811 million.
- Adjusted EBITA declined 3% to SEK 1,289 million.
- Adjusted EBITA margin 16.5% vs 19.0%
  - Positive currency effect SEK 12 million.

**January – June 2012**

- Orders received rose 14% to SEK 15,799 million.
- Net sales increased 13% to SEK 14,642 million.
- Adjusted EBITA declined 2% to SEK 2,417 million.
- Adjusted EBITA margin 16.5% vs 19.1%
  - Negative currency effect SEK 13 million.
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- Key figures
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Orders received

<table>
<thead>
<tr>
<th>Quarter</th>
<th>SEK million</th>
<th>SEK million R 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q108</td>
<td>6,000</td>
<td>28,000</td>
</tr>
<tr>
<td>Q208</td>
<td>5,400</td>
<td>32,000</td>
</tr>
<tr>
<td>Q308</td>
<td>5,800</td>
<td>24,000</td>
</tr>
<tr>
<td>Q408</td>
<td>4,200</td>
<td>16,000</td>
</tr>
<tr>
<td>Q109</td>
<td>4,200</td>
<td>12,000</td>
</tr>
<tr>
<td>Q209</td>
<td>4,000</td>
<td>8,000</td>
</tr>
<tr>
<td>Q309</td>
<td>3,800</td>
<td>5,000</td>
</tr>
<tr>
<td>Q409</td>
<td>2,400</td>
<td>3,000</td>
</tr>
<tr>
<td>Q110</td>
<td>2,600</td>
<td>2,000</td>
</tr>
<tr>
<td>Q210</td>
<td>2,800</td>
<td>1,000</td>
</tr>
<tr>
<td>Q310</td>
<td>3,000</td>
<td>3,000</td>
</tr>
<tr>
<td>Q410</td>
<td>3,200</td>
<td>4,000</td>
</tr>
<tr>
<td>Q111</td>
<td>3,300</td>
<td>4,000</td>
</tr>
<tr>
<td>Q211</td>
<td>3,500</td>
<td>5,000</td>
</tr>
<tr>
<td>Q311</td>
<td>3,600</td>
<td>6,000</td>
</tr>
<tr>
<td>Q411</td>
<td>3,800</td>
<td>7,000</td>
</tr>
<tr>
<td>Q112</td>
<td>3,900</td>
<td>8,000</td>
</tr>
<tr>
<td>Q212</td>
<td>4,000</td>
<td>9,000</td>
</tr>
</tbody>
</table>

**Order intake per quarter**
- Q108: +8%
- Q208: -37%
- Q308: +25%
- Q408: +32%
- Q109: +3%
- Q209: +32%
- Q309: -25%
- Q409: -37%
- Q110: +8%
- Q210: +32%
- Q310: +8%
- Q410: +32%
- Q111: +32%
- Q211: +8%
- Q311: +32%
- Q411: +8%
- Q112: +32%
- Q212: +8%

**Rolling twelve months value**
- Q108: +3%
- Q208: +3%
- Q308: +3%
- Q408: +32%
- Q109: +32%
- Q209: +32%
- Q309: +32%
- Q409: +32%
- Q110: +32%
- Q210: +32%
- Q311: +32%
- Q411: +32%
- Q112: +32%
- Q212: +32%
## Order analysis

### Q2 2012 versus Q2 2011 and versus Q1 2012 (MSEK)

<table>
<thead>
<tr>
<th></th>
<th>Q2 2011</th>
<th>Q1 2012</th>
<th>Q2 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural change, %</td>
<td>7,424</td>
<td>7,895</td>
<td>7,904</td>
</tr>
<tr>
<td>Organic development, %</td>
<td>+ 4.1</td>
<td>- 1.2</td>
<td>+ 2.9</td>
</tr>
<tr>
<td>Total</td>
<td>+ 2.9</td>
<td>- 1.2</td>
<td>+ 6.5</td>
</tr>
<tr>
<td>Currency effects, %</td>
<td>+ 3.6</td>
<td>- 1.2</td>
<td>+ 1.2</td>
</tr>
<tr>
<td>Total, %</td>
<td>+ 6.5</td>
<td>-</td>
<td>-</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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Orders received by customer segment

April – June 2012, at constant rates and like for like

- Industrial Equipment
- OEM
- Sanitary Equipment
- EQD Parts & Service
- Process Industry
- Marine & Offshore Systems
- Energy & Environment
- Marine & Diesel Equipment
- Food Technology
- MDD Parts & Service

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Equipment division

Highlights and sequential comments

* Sanitary up, driven by food & beverages as well as pharma & personal care.

* Industrial Equipment significantly higher, boosted by seasonal demand for HVAC.

* OEM unchanged, best performance seen in China and Western Europe.

* Parts & Service flat. Good growth in BRIC and Europe.

<table>
<thead>
<tr>
<th></th>
<th>Order</th>
<th>Sales</th>
<th>Backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 2012</td>
<td>2,573</td>
<td>2,363</td>
<td>1,710</td>
</tr>
<tr>
<td>Q2 2011</td>
<td>2,578</td>
<td>2,321</td>
<td>1,712</td>
</tr>
</tbody>
</table>

Year-on-year comparison
Sequential comparison

*Share of Group total

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Substantially higher demand for diesel power and continued growth for environmental solutions. Demand for marine equipment unchanged.

Marine & Offshore down significantly as very large order in Q1 was not repeated.

More upgrading and repair works lifted P&S.

<table>
<thead>
<tr>
<th></th>
<th>Order</th>
<th>Sales</th>
<th>Backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 2012</td>
<td>1,778</td>
<td>2,082</td>
<td>5,410</td>
</tr>
<tr>
<td>Q2 2011</td>
<td>1,525</td>
<td>1,761</td>
<td>5,824</td>
</tr>
</tbody>
</table>

x New customer segment, no corresponding period last year exists.

* Share of Group total
Process Technology division

Highlights and sequential comments

- Food Technology supported by beverage and viscous food markets.
- Energy & Environment declined due to non-repeats.
- Process Industry showed strong growth, driven by refinery in Asia and Middle East.
- P&S declined as large orders in Q1, were not repeated.

<table>
<thead>
<tr>
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<th>Sales</th>
<th>Backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 2012</td>
<td>3,553</td>
<td>3,366</td>
<td>7,936</td>
</tr>
<tr>
<td>Q2 2011</td>
<td>3,321</td>
<td>2,951</td>
<td>7,010</td>
</tr>
</tbody>
</table>

*Share of Group total
Orders received by customer segment

January – June 2012, at constant rates and like for like

PTD Parts & Service
Process Industry
Energy & Environment
Food Technology
Industrial Equipment
OEM
Sanitary Equipment
EQD Parts & Service
Marine & Offshore Systems
Marine & Diesel Equipment
MDD Parts & Service

Year-on-year comparison

* New customer segment, no corresponding period last year exists.
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Orders received by Region

April – June 2012, development at constant rates

- North America: 16%
- Asia: 32%
- Latin America: 7%
- Western Europe: 23%
- Nordic: 10%
- Central and Eastern Europe: 10%

Year-on-year comparison

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Highlights Asia

April – June 2012, at constant rates, sequential comments

Asia:

🌟 Decline in order intake as a very large Q1 marine order was not repeated. Both Equipment and Process Technology, however, reported growth.

🌟 Process Industry and Food did the best in Process Technology and best segment in Equipment was Sanitary.

🌟 Korea and India did well. China had good sequential development excluding Marine.
Highlights Europe

April – June 2012, at constant rates, sequential comments

Western Europe incl. Nordic:
- Orders rose, boosted by large projects. Best development seen in France, Iberica, Nordic and the Benelux countries.
- Base business and P&S were unchanged.

Central and Eastern Europe:
- Increase in order intake with good development for both Equipment and Process Technology.
- Russia reported growth in the base business, but overall decline due to non-repeat large orders.
Highlights Americas

April – June 2012, at constant rates, sequential comments

North America:
- Decline due to fewer large projects. Base business showed continued good development, particularly in the U.S.
- Industrial Equipment, Food and Process Industry did the best, while Energy & Environment declined due to non-repeats.

Latin America:
- Good development for the base business, while large orders declined.
- Argentina and Chile reported good growth. Brazil’s base business grew, but overall order intake declined.
Orders received by Region

January – June 2012, development at constant rates

- **North America**: 19%
- **Latin America**: 7%
- **Asia**: 33%
- **Central and Eastern Europe**: 9%
- **Western Europe**: 21%
- **Nordic**: 9%
- **Other**: 2%

Year-on-year comparison:
- **North America**: +19%
- **Latin America**: +14%
- **Asia**: +12%
- **Central and Eastern Europe**: +11%
- **Western Europe**: +3%
- **Nordic**: +9%
- **Other**: +29%
Top 10 markets*

*The development of the 2011 top ten markets.*

- **United States**
- **China**
- **Nordic**
- **Korea, South**
- **Mid Europe**
- **South East Asia**
- **Adriatic**
- **Russia**
- **Brazil**
- **India**

SEK million at prevailing rates

[Charts showing the comparison of sales for each market over different years (Rolling 12-months, WY 2011).]
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Mr. Thomas Thuresson
CFO
Alfa Laval Group
## Highlights

<table>
<thead>
<tr>
<th></th>
<th>April – June 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>7,904</td>
</tr>
<tr>
<td>Net sales</td>
<td>7,811</td>
</tr>
</tbody>
</table>
Gross profit margin

In percent of sales

Q209    Q309    Q409    Q110    Q210    Q310    Q410    Q111    Q211    Q311    Q411    Q112    Q212

37.7    39.6    39.6    41.1    41.1    41.1    37.7    37.0    37.0    37.0    37.0    37.0    37.0
## Highlights

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>7,904</td>
</tr>
<tr>
<td>Net sales</td>
<td>7,811</td>
</tr>
<tr>
<td>Adjusted EBITA</td>
<td>1,289</td>
</tr>
<tr>
<td>Adjusted EBITA-margin</td>
<td>16.5%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>1,107</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>1.71</td>
</tr>
<tr>
<td>Earnings per share, excl step-up</td>
<td>1.98</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>640</td>
</tr>
<tr>
<td>ROCE</td>
<td>27.8%</td>
</tr>
<tr>
<td>ROE</td>
<td>21.8%</td>
</tr>
</tbody>
</table>
# Cash-flow statement

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- operating activities</td>
<td>1,677</td>
<td>1,107</td>
</tr>
<tr>
<td>- investing activities</td>
<td>-1,497</td>
<td>-5,059</td>
</tr>
<tr>
<td>Financial net paid</td>
<td>-52</td>
<td>274</td>
</tr>
<tr>
<td>Total</td>
<td>128</td>
<td>-3,678</td>
</tr>
</tbody>
</table>

Pro Forma Free cash-flow*  
1,380  1,216

*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>Q2 12</th>
<th>1H 12</th>
<th>FY 12</th>
<th>FY 13*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Translation effect</td>
<td>47</td>
<td>60</td>
<td>90</td>
<td>0</td>
</tr>
<tr>
<td>Transaction effect</td>
<td>-35</td>
<td>-73</td>
<td>-130</td>
<td>50</td>
</tr>
<tr>
<td>Total</td>
<td>12</td>
<td>-13</td>
<td>-40</td>
<td>50</td>
</tr>
</tbody>
</table>

*Based on EUR/USD 1.26 and EUR/SEK 8.75

Projected FX-effect for 2012 as communicated with the Q1 report SEK -105 million
Order backlog as per June 30

SEK millions

<table>
<thead>
<tr>
<th>Quarter</th>
<th>For delivery during the same year</th>
<th>For delivery next year or later</th>
<th>Book to bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q208</td>
<td>9,850</td>
<td>15,056</td>
<td>1.01</td>
</tr>
<tr>
<td>Q209</td>
<td>10,000</td>
<td>15,056</td>
<td>1.06</td>
</tr>
<tr>
<td>Q210</td>
<td>12,000</td>
<td>15,056</td>
<td>1.06</td>
</tr>
<tr>
<td>Q211</td>
<td>14,546</td>
<td>5,211</td>
<td>0.83</td>
</tr>
<tr>
<td>Q212</td>
<td>15,056</td>
<td>5,206</td>
<td>1.16</td>
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## Sales

### Full year 2012

<table>
<thead>
<tr>
<th>Description</th>
<th>SEK (bln)</th>
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</thead>
<tbody>
<tr>
<td>Full year 2011</td>
<td>28.7</td>
</tr>
<tr>
<td>Order backlog, like-for-like</td>
<td>+ 0.5</td>
</tr>
<tr>
<td>Aalborg, 4 months</td>
<td>+ 0.9</td>
</tr>
<tr>
<td>FX-translation</td>
<td>+ 0.1</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>30.2</strong></td>
</tr>
<tr>
<td>Orders “in-for-out”</td>
<td>?</td>
</tr>
<tr>
<td>Price</td>
<td>?</td>
</tr>
</tbody>
</table>

**Full year 2012**
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President and CEO
Alfa Laval Group
Outlook for the third quarter

“We expect that demand during the third quarter 2012 will be on about the same level as in the second quarter.”
Cautionary statement

This presentation contains forward-looking statements that are based on the current expectations of the management of Alfa Laval Group.

Although management believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those implied in the forward-looking statements as a result of, among other factors, changes in economic, market and competitive conditions, changes in the regulatory environment, other government actions and fluctuations in exchange rates. Alfa Laval undertakes no obligation to publicly update or revise these forward-looking statements, other than as required by law or other regulations.