Report for Q3 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

**July – September 2012**

- Orders received declined 9% to SEK 7,288 million.
- Net sales dropped 7% to SEK 7,052 million.
- Adjusted EBITA declined 18% to SEK 1,177 million.
- Adjusted EBITA margin 16.7% vs 18.9%
  
  - *Negative currency effect SEK 63 million.*

**January – September 2012**

- Orders received rose 5% to SEK 23,087 million.
- Net sales increased 6% to SEK 21,694 million.
- Adjusted EBITA declined 8% to SEK 3,594 million.
- Adjusted EBITA margin 16.6% vs 19.0%
  
  - *Negative currency effect SEK 76 million.*
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## Order analysis

### Q3 2012 versus Q3 2011 and versus Q2 2012 (MSEK)

<table>
<thead>
<tr>
<th></th>
<th>Q3 2011</th>
<th></th>
<th>Q2 2012</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Structural change, %</strong></td>
<td>+ 1.3</td>
<td>+ 1.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Organic development, %</strong></td>
<td>- 7.1</td>
<td>- 5.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>- 5.8</td>
<td>- 3.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Currency effects, %</strong></td>
<td>- 3.3</td>
<td>- 4.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total, %</strong></td>
<td>- 9.1</td>
<td>- 7.8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Q3 2012

- Total: 7,288
- Currency effects: - 3.3

### Q3 2012

- Total: 7,288
Adjusted EBITA / margin*

* 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

July – September 2012, at constant rates and like for like
In Sanitary, food & beverages were strong while personal care saw lower demand.

Industrial Equipment supported by large order for HVAC, an application which generally did well. Refrigeration down from Q2.

OEM declined on lower demand for AC and heat pump applications.

P&S unchanged, reflecting mixed picture in end markets.

<table>
<thead>
<tr>
<th></th>
<th>Order</th>
<th>Sales</th>
<th>Backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 2012</td>
<td>2,392</td>
<td>2,385</td>
<td>1,694</td>
</tr>
<tr>
<td>Q3 2011</td>
<td>2,462</td>
<td>2,776</td>
<td>1,736</td>
</tr>
</tbody>
</table>

*Share of Group total
**Process Technology division**

### Highlights and sequential comments

- **Food Tech.** 6%*
  - Food saw fewer large vegetable oil projects. Brewery developed favorably.
- **Energy & Environ.** 12%
  - Environment grew and Power saw strong upturn in demand from conventional and nuclear.
- **Process Industry** 14%*
  - Process Industry down due to non-repeat refinery orders. Petrochem did well.
- **Parts & Service.** 13%
  - P&S stable with good demand from energy, O&G.

### Order Sales Backlog

<table>
<thead>
<tr>
<th></th>
<th>Q3 2012</th>
<th>Q3 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order</td>
<td>3,452</td>
<td>3,651</td>
</tr>
<tr>
<td>Sales</td>
<td>2,920</td>
<td>3,054</td>
</tr>
<tr>
<td>Backlog</td>
<td>8,755</td>
<td>7,638</td>
</tr>
</tbody>
</table>

*Share of Group total

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Strengthened position

Municipal and industrial wastewater

New decanter factory in China

Acquisition of leading belt filter press company
Marine & Diesel division

Highlights and sequential comments

- Marine & Diesel Equipment declined due to lower order intake at the yards earlier in the year and lower demand for land-based diesel power.
- Increased demand for environmental solutions.
- P&S declined due to non-repeats.

<table>
<thead>
<tr>
<th></th>
<th>Order</th>
<th>Sales</th>
<th>Backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 2012</td>
<td>1,444</td>
<td>1,747</td>
<td>5,047</td>
</tr>
<tr>
<td>Q3 2011</td>
<td>1,905</td>
<td>1,741</td>
<td>5,694</td>
</tr>
</tbody>
</table>

*Share of Group total

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Marine & Diesel Division

Distribution of orders YTD

Driver
- Ship building & Offshore
- Marine environment
- Diesel power
- Parts & Service

Share
- 41%
- 7%
- 13%
- 39%
Orders received by customer segment

January – September 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

* New customer segment, no corresponding period last year exists.
Report for Q3 2012

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Orders received by Region

July – September 2012, development at constant rates

- North America 20%
- Latin America 7%
- Asia 31%
- Western Europe 21%
- Nordic 9%
- Central and Eastern Europe 10%
- Other 2%

Year-on-year comparison
Highlights Asia

July– September 2012, at constant rates, sequential comments

Asia:

- Decline in order intake as large orders – booked in Q2 for segments Process Industry and Food – were not repeated.
- The base business remained on the same level as the previous quarter.
- Marine & Diesel Equipment declined due to low contracting at the yards earlier in the year.
- China continued to grow.
Highlights Europe

July – September 2012, at constant rates, sequential comments

Western Europe incl. Nordic:
- Large orders and base business dropped while P&S was flat.
- Only Sanitary and Industrial Equipment reported growth.

Central and Eastern Europe:
- Demand dropped somewhat from a very high level. Large orders continued to grow, but base business declined.
- Process Technology saw good demand in power and refinery.

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July – September 2012, at constant rates, sequential comments

**North America:**
- Increase for large orders, the base business and Parts & Service.
- Industrial Equipment among the best performers, boosted by a large district heating order from a U.S. university.

**Latin America:**
- Large orders continued to support the development while the base business declined.
- Energy & Environment and Industrial Equipment did well. Brazil was supported by strong demand within Oil & Gas and Parts & Service.
Orders received by Region

January – September 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

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Top 10 markets*

SEK million at prevailing rates

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

= Rolling 12-months
= WY 2011

*The development of the 2011 top ten markets.
Report for Q3 2012

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Mr. Thomas Thuresson
CFO
Alfa Laval Group
### Order intake Q312 vs Q212

<table>
<thead>
<tr>
<th>In MSEK</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>April – June 2012</td>
<td>7,904</td>
</tr>
<tr>
<td>- Large orders</td>
<td>- 125</td>
</tr>
<tr>
<td>- Other capital sales</td>
<td>- 264</td>
</tr>
<tr>
<td>- Parts &amp; Service</td>
<td>- 67</td>
</tr>
<tr>
<td>- Acquisitions</td>
<td>+ 110</td>
</tr>
<tr>
<td>- Translation FX</td>
<td>- 270</td>
</tr>
<tr>
<td>July - September 2012</td>
<td>7,288</td>
</tr>
<tr>
<td>SEK millions</td>
<td>July – September 2012</td>
</tr>
<tr>
<td>--------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>Order intake</td>
<td>7,288</td>
</tr>
<tr>
<td>Net sales</td>
<td>7,052</td>
</tr>
</tbody>
</table>
## Highlights

<table>
<thead>
<tr>
<th><strong>SEK millions</strong></th>
<th><strong>July – September 2012</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>7,288</td>
</tr>
<tr>
<td>Net sales</td>
<td>7,052</td>
</tr>
<tr>
<td>Adjusted EBITA</td>
<td>1,177</td>
</tr>
<tr>
<td>Adjusted EBITA-margin</td>
<td>16.7%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>1,230</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>2.02</td>
</tr>
<tr>
<td>Earnings per share, excl step-up</td>
<td>2.73</td>
</tr>
<tr>
<td>ROCE</td>
<td>26.5%</td>
</tr>
<tr>
<td>ROE</td>
<td>22.0%</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>2,669</td>
<td>2,138</td>
</tr>
<tr>
<td>- investing activities</td>
<td>-1,974</td>
<td>-5,236</td>
</tr>
<tr>
<td>Financial net paid</td>
<td>-23</td>
<td>141</td>
</tr>
<tr>
<td>Total</td>
<td>672</td>
<td>-2,957</td>
</tr>
</tbody>
</table>

### Pro Forma Free cash-flow*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,292</td>
<td>1,996</td>
</tr>
</tbody>
</table>

*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>Q3 12</th>
<th>9M 12</th>
<th>FY 12</th>
<th>FY 13*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Translation effect</td>
<td>-29</td>
<td>31</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Transaction effect</td>
<td>-34</td>
<td>-107</td>
<td>-155</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-63</td>
<td>-76</td>
<td>-155</td>
<td>50</td>
</tr>
</tbody>
</table>

*Based on EUR/USD 1.29 and EUR/SEK 8.60

Projected FX-effect for 2012 as communicated with the Q2 report **SEK -40 million**
Order backlog as per Sept 30

<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>Q308</td>
<td></td>
<td></td>
<td>1.03</td>
</tr>
<tr>
<td>Q309</td>
<td></td>
<td></td>
<td>1.06</td>
</tr>
<tr>
<td>Q310</td>
<td></td>
<td></td>
<td>0.83</td>
</tr>
<tr>
<td>Q311</td>
<td></td>
<td></td>
<td>1.16</td>
</tr>
<tr>
<td>Q312</td>
<td></td>
<td></td>
<td>1.01</td>
</tr>
</tbody>
</table>

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# Sales

## Full year 2012

<table>
<thead>
<tr>
<th></th>
<th>SEK (bln)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full year 2011</td>
<td>28.7</td>
</tr>
<tr>
<td>Order backlog, like-for-like</td>
<td>+ 0.4</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>+ 0.9</td>
</tr>
<tr>
<td>FX-translation</td>
<td>- 0.2</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>29.8</strong></td>
</tr>
<tr>
<td>Orders “in-for-out”</td>
<td>?</td>
</tr>
<tr>
<td>Price</td>
<td>?</td>
</tr>
<tr>
<td><strong>Full year 2012</strong></td>
<td></td>
</tr>
</tbody>
</table>
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Mr. Lars Renström
President and CEO
Alfa Laval Group
Outlook for the fourth quarter

“We expect that demand during the fourth quarter 2012 will be in line with or somewhat lower than in the third 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.