Report for Q3 2013

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

## July – September 2013

- Orders received rose 2% to SEK 7,447 million.
- Net sales increased 2% to SEK 7,204 million.
- Adjusted EBITA grew 2% to SEK 1,198 million.
- Adjusted EBITA margin 16.6% vs 16.7%
  - *Negative currency effect SEK 47 million.*

## January – September 2013

- Orders received declined 4% to SEK 22,165 million.
- Net sales dropped 2% to SEK 21,288 million.
- Adjusted EBITA declined 3% to SEK 3,502 million.
- Adjusted EBITA margin 16.5% vs 16.6%
  - *Negative currency effect SEK 142 million.*
Report for Q3 2013

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

<table>
<thead>
<tr>
<th>SEK million</th>
<th>SEK million R 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q309 -30%</td>
<td>Q309 24000</td>
</tr>
<tr>
<td>Q409 +3%</td>
<td>Q409 28000</td>
</tr>
<tr>
<td>Q110 +23%</td>
<td>Q110 34000</td>
</tr>
<tr>
<td>Q210 +37%</td>
<td>Q210 44000</td>
</tr>
<tr>
<td>Q310 +37%</td>
<td>Q310 48000</td>
</tr>
<tr>
<td>Q410 -3%</td>
<td>Q410 45000</td>
</tr>
<tr>
<td>Q111 +37%</td>
<td>Q111 50000</td>
</tr>
<tr>
<td>Q211 +37%</td>
<td>Q211 54000</td>
</tr>
<tr>
<td>Q311 +37%</td>
<td>Q311 58000</td>
</tr>
<tr>
<td>Q411 -3%</td>
<td>Q411 55000</td>
</tr>
<tr>
<td>Q112 +6%</td>
<td>Q112 58000</td>
</tr>
<tr>
<td>Q212 -6%</td>
<td>Q212 54000</td>
</tr>
<tr>
<td>Q312 +37%</td>
<td>Q312 58000</td>
</tr>
<tr>
<td>Q412 -6%</td>
<td>Q412 54000</td>
</tr>
<tr>
<td>Q113 -6%</td>
<td>Q113 52000</td>
</tr>
<tr>
<td>Q213 +37%</td>
<td>Q213 58000</td>
</tr>
<tr>
<td>Q313 +37%</td>
<td>Q313 58000</td>
</tr>
</tbody>
</table>

- Order intake per quarter "large"
- Order intake per quarter
- Rolling twelve months value
- +XX% = % development at constant rates by quarter, year on year
## Order analysis

**Q3 2013 versus Q3 2012 and versus Q2 2013 (MSEK)**

<table>
<thead>
<tr>
<th></th>
<th>Q3 2012</th>
<th>Q2 2013</th>
<th>Q3 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural change, %</td>
<td>+ 2.1</td>
<td>+ 0.1</td>
<td></td>
</tr>
<tr>
<td>Organic development, %</td>
<td>+ 2.2</td>
<td>- 0.4</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>+ 4.3</td>
<td>- 0.3</td>
<td></td>
</tr>
<tr>
<td>Currency effects, %</td>
<td>- 2.1</td>
<td>- 1.2</td>
<td></td>
</tr>
<tr>
<td>Total, %</td>
<td>+ 2.2</td>
<td>- 1.5</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Q3 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 2013</td>
<td>7,447</td>
</tr>
<tr>
<td>Q3 2013</td>
<td>7,447</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."
Report for Q3 2013

- Key figures
- Orders received and margins
- Highlights
- Development per segment
- Geographical development
- Financials
- Outlook
### Highlights in the quarter

<table>
<thead>
<tr>
<th>Process Technology</th>
<th>Marine &amp; Diesel</th>
</tr>
</thead>
</table>
| **Alfa Laval Packniox heat exchangers to a petrochemical plant in India.**  
Value: **SEK 185 million** | **Alfa Laval Aalborg waste heat recovery systems to diesel power plants in the Middle East.**  
Value: **SEK 80 million.** |
| Compact heat exchangers to an LNG plant, processing shale gas, in the US.  
**Value SEK 50 million** |  |
| Equipment for a wort-treatment process line at Diageo's Irish brewery.  
**Value SEK 60 million.** |  |
| Solution for a vegetable oil plant in Brazil.  
**Value SEK 70 million.** |  |
Report for Q3 2013

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

July – September 2013, 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

Equipment division

Year-on-year comparison

Marine & Diesel division

Process Technology division

www.alfalaval.com
Equipment division

Highlights and sequential comments

- Sanitary unchanged with good demand for products going to beverage, pharma and personal care industries.
- Industrial Equipment affected by drop in demand for refrigeration. Continued good demand for products going to HVAC applications.
- OEM 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 2013</td>
<td>2,392</td>
<td>2,475</td>
<td>1,614</td>
</tr>
<tr>
<td>Q3 2012</td>
<td>2,392</td>
<td>2,385</td>
<td>1,694</td>
</tr>
</tbody>
</table>

*Share of Group total

www.alfalaval.com
Process Technology division

Highlights and sequential comments

- Energy & Environment saw a continued positive development for Oil & Gas as well as a strong quarter for Power.
- Food down as a result of non-repeat large orders. Growth for Brewery and Vegetable Oil.
- Process Industry lifted by Refinery, which booked a large order in India.
- Demand for parts and services rose, with large orders contributing to the positive development.

<table>
<thead>
<tr>
<th></th>
<th>Order</th>
<th>Sales</th>
<th>Backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 2013</td>
<td>3,522</td>
<td>3,210</td>
<td>8,790</td>
</tr>
<tr>
<td>Q3 2012</td>
<td>3,452</td>
<td>2,920</td>
<td>8,755</td>
</tr>
</tbody>
</table>

*Share of Group total
Marine & Diesel division

Highlights and sequential comments

- Marine & Diesel Equipment declined amid a drop in order intake for ballast water treatment systems. Diesel had a strong development following a large order in the Middle East.

- Marine & Offshore Systems affected by the non repeat of large SOx orders. Continued good demand for boilers.

<table>
<thead>
<tr>
<th></th>
<th>Order</th>
<th>Sales</th>
<th>Backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 2013</td>
<td>1,533</td>
<td>1,519</td>
<td>4,667</td>
</tr>
<tr>
<td>Q3 2012</td>
<td>1,444</td>
<td>1,747</td>
<td>5,047</td>
</tr>
</tbody>
</table>

Year-on-year comparison
Sequential comparison

*Share of Group total
Orders received by customer segment

January – September 2013, 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

Equipment division

Year-on-year comparison

www.alfalaval.com
Report for Q3 2013

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

July – September 2013, development at constant rates

- Asia 35%
- Western Europe 21%
- North America 18%
- Latin America 7%
- Central & Eastern Europe 8%
- Nordic 9%
- Other 2%

Year-on-year comparison:
-1  +3  +20  +8  +9  -11
Highlights Asia

July – September 2013, at constant rates, sequential comments

Asia:

- Positive development as all three divisions reported growth.
- Segments Energy & Environment, Process Industry and Marine & Offshore Systems did particularly well, lifted by investments in refinery, oil and gas projects, pent-up demand for nuclear power as well as rising demand for products to LNG and Product Carriers.
- China had a positive development, driven by larger projects. The base business declined somewhat however, reflecting a continued “wait-and-see” mode.
Highlights Europe

July – September 2013, at constant rates, sequential comments

Western Europe incl. Nordic:
- Decline due to vacation impact on component businesses.
- Nordic down due to non repeats.
- Continued growth in Mid Europe and UK was boosted by large projects in brewery and process industries.

Central and Eastern Europe:
- Drop explained by development for base business and the non-repeat of large contracts in Poland and Turkey.
- Russia reported good growth, especially in the Equipment Division.
- Service business developed well.
North America:
- U.S. growth mitigated by a decline in Canada. Base and service business grew.
- Food Technology did well, but strongest development seen in Energy & Environment where oil & gas grew, despite the continued lack of execution resources in the industry.

Latin America:
- Very strong development in Brazil and Mexico. Brazil boosted by large contracts for oil & gas, marine and vegetable oil.
- Service developed well throughout the region.
Orders received by Region

January – September 2013, development at constant rates

- Asia 32%
- Western Europe 22%
- North America 19%
- Latin America 7%
- Nordic 10%
- Central & Eastern Europe 8%
- Other 2%

Year-on-year comparison:

- Asia: +6
- North America: +2
- Latin America: +1
- Central & Eastern Europe: +2
- Nordic: -11
Top 10 markets*

SEK million at prevailing rates

1. United States
2. China
3. Nordic
4. Korea, South
5. South East Asia
6. Mid Europe
7. Russia
8. Adriatic
9. Brazil
10. Canada

*R12 as per end of September
WY 2012

*The development of the 2012 top ten markets.
Report for Q3 2013

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

Mr. Thomas Thuresson
CFO
Alfa Laval Group
<table>
<thead>
<tr>
<th></th>
<th>SEK millions</th>
<th>July – September 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>7,447</td>
<td></td>
</tr>
<tr>
<td>Net sales</td>
<td>7,204</td>
<td></td>
</tr>
</tbody>
</table>
Gross profit margin

In percent of sales

Q310  Q410  Q111  Q211  Q311  Q411  Q112  Q212  Q312  Q412  Q113  Q213  Q313
41.7  40.0  38.3  37.0  37.0  36.7

www.alfalaval.com
### Highlights

<table>
<thead>
<tr>
<th>Metric</th>
<th>July – September 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>7,447</td>
</tr>
<tr>
<td>Net sales</td>
<td>7,204</td>
</tr>
<tr>
<td>Adjusted EBITA</td>
<td>1,198</td>
</tr>
<tr>
<td>Adjusted EBITA-margin</td>
<td>16.6%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>1,075</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>1.95</td>
</tr>
<tr>
<td>Earnings per share, excl step-up</td>
<td>2.14</td>
</tr>
<tr>
<td>ROCE</td>
<td>26.1%</td>
</tr>
<tr>
<td>ROE</td>
<td>21.4%</td>
</tr>
</tbody>
</table>
# Cash-flow statement

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow from</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- operating activities</td>
<td>988</td>
<td>992</td>
<td>3,000</td>
<td>2,669</td>
</tr>
<tr>
<td>- investing activities</td>
<td>-97</td>
<td>-477</td>
<td>-788</td>
<td>-1,974</td>
</tr>
<tr>
<td>Financial net paid</td>
<td>-32</td>
<td>+29</td>
<td>-51</td>
<td>-23</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>859</td>
<td>544</td>
<td>2,161</td>
<td>672</td>
</tr>
</tbody>
</table>

**Pro Forma Free cash-flow***  
850     912     2,661   2,292

*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 13</th>
<th>9M 13</th>
<th>FY 13</th>
<th>FY 14*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Translation effect</td>
<td>-32</td>
<td>-130</td>
<td>-240</td>
<td>0</td>
</tr>
<tr>
<td>Transaction effect</td>
<td>-15</td>
<td>-12</td>
<td>-25</td>
<td>-15</td>
</tr>
<tr>
<td>Total</td>
<td>-47</td>
<td>-142</td>
<td>-265</td>
<td>-15</td>
</tr>
</tbody>
</table>

*Based on EUR/USD 1.36 and EUR/SEK 8.65

Projected FX-effect for 2013 as communicated with the Q2 report **SEK -125 million**
Order backlog as per Sept. 30

- Order backlog: SEK millions
- For delivery in rest of current year
- For delivery later than current year

**Q309**
- 15,071

**Q310**
- 6,672

**Q311**
- 8,399

**Q312**
- 15,496
  - 6,705
  - 0.89

**Q313**
- 15,071
  - 6,672
  - 8.399

Book to bill:
- Q312: 15,496
- Q313: 15,071

www.alfalaval.com
## Sales

### Full year 2013

<table>
<thead>
<tr>
<th></th>
<th>SEK (bln)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full year 2012</td>
<td>29.8</td>
</tr>
<tr>
<td>Order backlog, like-for-like</td>
<td>0.1</td>
</tr>
<tr>
<td>FX-translation</td>
<td>1.4</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>0.8</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>29.1</strong></td>
</tr>
<tr>
<td>Orders “in-for-out”</td>
<td>?</td>
</tr>
<tr>
<td>Price</td>
<td>?</td>
</tr>
</tbody>
</table>

**Full year 2013**
Report for Q3 2013

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

Mr. Lars Renström
President and CEO
Alfa Laval Group
Outlook for the fourth quarter

“We expect that demand during the fourth quarter will be on about the same level as in the third.”
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.