Report for Q4 2013

- Key figures
- 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 2013

- Orders received rose 13% to SEK 8,170 million.
- Net sales increased 6% to SEK 8,646 million.
- Adjusted EBITA grew 5% to SEK 1,412 million.
- Adjusted EBITA margin 16.3% vs 16.5%
  - *Negative currency effect SEK 45 million.*

### January – December 2013

- Orders received unchanged at SEK 30,335 million.
- Net sales unchanged at SEK 29,934 million.
- Adjusted EBITA unchanged at SEK 4,914 million.
- Adjusted EBITA margin 16.4% vs 16.5%
  - *Negative currency effect SEK 187 million.*
Board proposal to the AGM

Dividend and share buyback

The Board of directors proposes

• A dividend of 3.75 SEK (3.50)
• A mandate to buy back up to 5 percent of the number of outstanding shares
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Orders received

<table>
<thead>
<tr>
<th>SEK million</th>
<th>SEK million R 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q409</td>
<td>+9%</td>
</tr>
<tr>
<td>Q110</td>
<td>+23%</td>
</tr>
<tr>
<td>Q210</td>
<td>+9%</td>
</tr>
<tr>
<td>Q310</td>
<td>+11%</td>
</tr>
<tr>
<td>Q410</td>
<td>+11%</td>
</tr>
<tr>
<td>Q111</td>
<td>+16%</td>
</tr>
<tr>
<td>Q211</td>
<td>+16%</td>
</tr>
<tr>
<td>Q311</td>
<td>+16%</td>
</tr>
<tr>
<td>Q411</td>
<td>+16%</td>
</tr>
<tr>
<td>Q112</td>
<td>+16%</td>
</tr>
<tr>
<td>Q212</td>
<td>+16%</td>
</tr>
<tr>
<td>Q312</td>
<td>+16%</td>
</tr>
<tr>
<td>Q412</td>
<td>+16%</td>
</tr>
<tr>
<td>Q113</td>
<td>+16%</td>
</tr>
<tr>
<td>Q213</td>
<td>+16%</td>
</tr>
<tr>
<td>Q313</td>
<td>+16%</td>
</tr>
<tr>
<td>Q413</td>
<td>+16%</td>
</tr>
</tbody>
</table>

= Order intake per quarter
= Order intake per quarter “large”
= Rolling twelve months value
+XX% = % development at constant rates by quarter, year on year

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## Order analysis

Q4 2013 versus Q4 2012 and versus Q3 2013 (MSEK)

<table>
<thead>
<tr>
<th></th>
<th>Q4 2012</th>
<th>Q3 2013</th>
<th>Q4 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural change, %</td>
<td>+ 1.3</td>
<td>-</td>
<td>+ 0.2</td>
</tr>
<tr>
<td>Organic development, %</td>
<td>+ 14.3</td>
<td>+ 9.5</td>
<td>+ 0.2</td>
</tr>
<tr>
<td>Total</td>
<td>+ 15.6</td>
<td>+ 9.5</td>
<td>+ 9.7</td>
</tr>
<tr>
<td>Currency effects, %</td>
<td>- 2.9</td>
<td>+ 0.2</td>
<td>+ 0.2</td>
</tr>
<tr>
<td>Total, %</td>
<td>+ 12.7</td>
<td>+ 9.7</td>
<td>+ 9.7</td>
</tr>
<tr>
<td>Q4 2013</td>
<td>7,252</td>
<td>7,447</td>
<td>8,170</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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# Highlights in the quarter

<table>
<thead>
<tr>
<th>Process Technology</th>
<th>Marine &amp; Diesel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order for equipment to a Brazilian brewery. Value SEK 165 million.</td>
<td></td>
</tr>
<tr>
<td>Compact heat exchangers for oil and gas application in Canada. Value SEK 100 million.</td>
<td></td>
</tr>
<tr>
<td>OLMi heat exchangers for a US petrochemical plant. Value SEK 60 million.</td>
<td></td>
</tr>
<tr>
<td>Equipment for offshore oil platform. Value SEK 50 million.</td>
<td></td>
</tr>
<tr>
<td>Equipment for Russian starch-processing plant. Value: SEK 100 million.</td>
<td></td>
</tr>
<tr>
<td>Heat exchangers for waste-water cleaning in Australia. Value: SEK 90 million.</td>
<td></td>
</tr>
<tr>
<td>Heat exchangers for Russian power plant. Value: SEK 90 million</td>
<td></td>
</tr>
</tbody>
</table>
Innovation in full scale
- Marine test and training center, Aalborg, Denmark
Large orders in 2013
By focus area

Energy
SEK 1 185 million

Environment
SEK >445 million

Food
SEK 470 million

Total SEK >2 100 million (>2 500)
Large orders in 2013
By geographical area, total SEK >2 100 million (>2 500)

- 325 MSEK
- 235 MSEK
- >415 MSEK
- 325 MSEK
- 710 MSEK
- 90 MSEK
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Orders received by customer segment

October – December 2013, at constant rates and like for like

PTD Service

Process Industry

Energy & Environment

Food Technology

Industrial Equipment
OEM
Sanitary Equipment
EQD Service
Marine & Offshore Systems
Marine & Diesel Equipment
MDD Service

Equipment division
Marine & Diesel division
Process Technology division

Year-on-year comparison

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Equipment division

Highlights and sequential comments

* Sanitary lifted by good demand for products for personal care and food applications.
* Industrial Equipment saw a slight decline due to seasonally lower demand for HVAC applications.
* OEM unchanged as demand from boiler manufacturers grew while demand for products going into HVAC applications declined due to seasonality.

<table>
<thead>
<tr>
<th></th>
<th>Order</th>
<th>Sales</th>
<th>Backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 2013</td>
<td>2,445</td>
<td>2,555</td>
<td>1,495</td>
</tr>
<tr>
<td>Q4 2012</td>
<td>2,397</td>
<td>2,495</td>
<td>1,583</td>
</tr>
</tbody>
</table>

*Share of Group total

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Process Technology division

Highlights and sequential comments

- Energy & Environment saw Oil & Gas rise, boosted by large orders. Power booked large nuclear order, following increased activity.
- Large protein and brewery orders contributed to growth in Food Technology.
- Process Industry declined due to non-repeat orders in Refinery. Other areas in the segment grew.

<table>
<thead>
<tr>
<th></th>
<th>Order</th>
<th>Sales</th>
<th>Backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 2013</td>
<td>3,886</td>
<td>4,265</td>
<td>8,393</td>
</tr>
<tr>
<td>Q4 2012</td>
<td>3,476</td>
<td>3,748</td>
<td>8,358</td>
</tr>
</tbody>
</table>

*Share of Group total
Marine & Diesel division

Highlights and sequential comments

- Marine & Diesel Equipment saw overall higher demand following ship contracting growth throughout the year.
- Marine & Offshore Systems grew significantly with a positive development across the board. Large EGC order contributed to the growth.
- Service down due to lower repair activity.

<table>
<thead>
<tr>
<th></th>
<th>Order</th>
<th>Sales</th>
<th>Backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 2013</td>
<td>1,839</td>
<td>1,826</td>
<td>4,680</td>
</tr>
<tr>
<td>Q4 2012</td>
<td>1,379</td>
<td>1,876</td>
<td>4,527</td>
</tr>
</tbody>
</table>

*Share of Group total
Report for Q4 2013

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Orders received by Region

October – December 2013, development at constant rates

- North America 19%
- Latin America 7%
- Asia 31%
- Western Europe 21%
- Nordic 9%
- Central & Eastern Europe 10%
- Other 3%

Year-on-year comparison:
- North America: +16
- Latin America: +29
- Asia: +89
- Western Europe: +7
- Nordic: +13
- Central & Eastern Europe: +4

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Highlights Asia

October – December 2013, at constant rates, sequential comments

Asia:

🌟 The base business did well while demand for Service was unchanged. Large orders were affected by a non-repeat.

🌟 Marine & Diesel division had a strong quarter, lifted by a high activity level among shipyards in South Korea, China and Japan.

🌟 China grew, lifted by Marine, Food, Process Industry and Service. Equipment was at a slightly lower pace than previous quarters.
Highlights Europe

October – December 2013, at constant rates, sequential comments

Western Europe incl. Nordic:
- Positive development for both the base business and large orders.

Central and Eastern Europe:
- Strong increase due to very positive development in Russia, Poland and Baltics.
- Russia reported a record quarter, boosted by three large orders for power, starch processing and food.
North America:
- Growth in both U.S. and Canada, mainly driven by large projects. The service business grew.
- Sanitary, Industrial Equipment, Process Industry and Food contributed to the positive development.

Latin America:
- Brazil did particularly well, with growth for both base business and large orders. Argentina was boosted by strong base business in Process Technology division.
Orders received by Region

January – December 2013, development at constant rates

North America 19%

Latin America 7%

Asia 32%

Western Europe 22%

Nordic 9%

Central & Eastern Europe 9%

Other 2%

Year-on-year comparison

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Top 10 markets*

*The development of the 2012 top ten markets.

SEK million at prevailing rates

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

= WY 2012
= WY 2013
Report for Q4 2013

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Mr. Thomas Thuresson
CFO
Alfa Laval Group
<table>
<thead>
<tr>
<th>SEK millions</th>
<th>October – December 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>8,170</td>
</tr>
<tr>
<td>Net sales</td>
<td>8,646</td>
</tr>
</tbody>
</table>
Gross profit margin

In percent of sales

39.3
37.8
37.0
36.4

Q410 Q111 Q211 Q311 Q411 Q112 Q212 Q312 Q412 Q113 Q213 Q313 Q413
## Highlights

<table>
<thead>
<tr>
<th>Metric</th>
<th>October – December 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>8,170</td>
</tr>
<tr>
<td>Net sales</td>
<td>8,646</td>
</tr>
<tr>
<td>Adjusted EBITA</td>
<td>1,412</td>
</tr>
<tr>
<td>Adjusted EBITA-margin</td>
<td>16.3%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>1,201</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>2.07</td>
</tr>
<tr>
<td>Earnings per share, excl step-up</td>
<td>2.29</td>
</tr>
<tr>
<td>ROCE</td>
<td>26.4%</td>
</tr>
<tr>
<td>ROE</td>
<td>20.4%</td>
</tr>
</tbody>
</table>
# Cash-flow statement

<table>
<thead>
<tr>
<th>SEK millions</th>
<th>Q4 2013</th>
<th>Q4 2012</th>
<th>FY 2013</th>
<th>FY 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- operating activities</td>
<td>1,228</td>
<td>917</td>
<td>4,228</td>
<td>3,586</td>
</tr>
<tr>
<td>- investing activities</td>
<td>-165</td>
<td>-1,286</td>
<td>-953</td>
<td>-3,260</td>
</tr>
<tr>
<td>Financial net paid</td>
<td>-51</td>
<td>-28</td>
<td>-102</td>
<td>-51</td>
</tr>
<tr>
<td>Dividend</td>
<td>-</td>
<td>-</td>
<td>-1,468</td>
<td>-1,363</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,012</td>
<td>-397</td>
<td>1,705</td>
<td>-1,088</td>
</tr>
<tr>
<td>Pro Forma Free cash-flow*</td>
<td>970</td>
<td>712</td>
<td>3,631</td>
<td>3,004</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>Q4 13</th>
<th>FY 13</th>
<th>FY 14*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Translation effect</td>
<td>- 17</td>
<td>- 148</td>
<td>- 10</td>
</tr>
<tr>
<td>Transaction effect</td>
<td>- 28</td>
<td>- 39</td>
<td>- 50</td>
</tr>
<tr>
<td>Total</td>
<td>- 45</td>
<td>- 187</td>
<td>- 60</td>
</tr>
</tbody>
</table>

*Based on EUR/USD 1.36 and EUR/SEK 8.86

Projected FX-effect for 2013 as communicated at the CMD: between SEK -192M and SEK -265M
Order backlog as per Dec. 31

<table>
<thead>
<tr>
<th>Year</th>
<th>SEK millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q409</td>
<td>14,568</td>
</tr>
<tr>
<td>Q410</td>
<td>11,438</td>
</tr>
<tr>
<td>Q411</td>
<td>3,130</td>
</tr>
<tr>
<td>Q412</td>
<td>14,468</td>
</tr>
<tr>
<td>Q413</td>
<td>2,899</td>
</tr>
</tbody>
</table>

Book to bill

- Q409: 0.80
- Q410: 1.10
- Q411: 1.00
- Q412: 1.03
- Q413: 0.94

For delivery later than 2014
For delivery in 2014

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Sales

<table>
<thead>
<tr>
<th></th>
<th>SEK (bln)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full year 2013</td>
<td>29.9</td>
</tr>
<tr>
<td>Order backlog, like-for-like</td>
<td>- 0.2</td>
</tr>
<tr>
<td>FX-translation</td>
<td>- 0.1</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>+ 0.1</td>
</tr>
<tr>
<td></td>
<td><strong>Subtotal</strong> 29.7</td>
</tr>
<tr>
<td>Orders “in-for-out”</td>
<td>?</td>
</tr>
<tr>
<td>Price</td>
<td>?</td>
</tr>
<tr>
<td></td>
<td><strong>Full year 2014</strong></td>
</tr>
</tbody>
</table>
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President and CEO
Alfa Laval Group
Outlook for the first quarter

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