Report for Q1 2014

- 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

January – March 2014

- Orders received rose 5% to SEK 7,474 million.
- Net sales increased 1% to SEK 6,597 million.
- Adjusted EBITA unchanged at SEK 1,062 million.
- Adjusted EBITA margin 16.1% vs 16.4%
  - Negative currency effect SEK 10 million.
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Orders received

<table>
<thead>
<tr>
<th>SEK million</th>
<th>SEK million R 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q110: +6%</td>
<td>Q410: +38%</td>
</tr>
<tr>
<td>Q210:</td>
<td>Q211: +21%</td>
</tr>
<tr>
<td>Q310:</td>
<td>Q411: +21%</td>
</tr>
<tr>
<td>Q410:</td>
<td>Q212: -5%</td>
</tr>
<tr>
<td>Q111:</td>
<td>Q412:</td>
</tr>
<tr>
<td>Q211:</td>
<td>Q413: +5%</td>
</tr>
<tr>
<td>Q311:</td>
<td>Q414:</td>
</tr>
<tr>
<td>Q411:</td>
<td>Q112:</td>
</tr>
<tr>
<td>Q112:</td>
<td>Q113:</td>
</tr>
<tr>
<td>Q212:</td>
<td>Q114:</td>
</tr>
<tr>
<td>Q312:</td>
<td>Q115:</td>
</tr>
<tr>
<td>Q412:</td>
<td>Q116:</td>
</tr>
<tr>
<td>Q113:</td>
<td>Q117:</td>
</tr>
<tr>
<td>Q213:</td>
<td>Q118:</td>
</tr>
<tr>
<td>Q313:</td>
<td>Q119:</td>
</tr>
<tr>
<td>Q413:</td>
<td>Q120:</td>
</tr>
<tr>
<td>Q114:</td>
<td>Q121:</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

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## Order analysis

Q1 2014 versus Q1 2013 and versus Q4 2013 (MSEK)

<table>
<thead>
<tr>
<th></th>
<th>Q1 2013</th>
<th>Q4 2013</th>
<th>Q1 2014</th>
<th>Q1 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural change, %</td>
<td>7,130</td>
<td>8,133</td>
<td>7,474</td>
<td>7,474</td>
</tr>
<tr>
<td>Organic development, %</td>
<td>+ 1.2</td>
<td>- 8.1</td>
<td>+ 4.8</td>
<td>- 8.1</td>
</tr>
<tr>
<td>Currency effects, %</td>
<td>+ 3.8</td>
<td>- 5.0</td>
<td>+ 4.8</td>
<td>- 8.1</td>
</tr>
<tr>
<td>Total</td>
<td>+ 5.0</td>
<td>- 8.1</td>
<td>+ 4.8</td>
<td>- 8.1</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>
</table>
| South Korean order for freshwater generator module to offshore platform in the North Sea.  
 **Value: SEK 110 million** | Orders for 17 exhaust gas cleaning systems for 17 ships, bringing the total to 40 systems for 35 ships. |
| Alfa Laval Packinox heat exchangers to integrated refinery- petrochemical complex in the Middle East.  
 **Value SEK 65 million.** | Agreement on April 7th to buy **Frank Mohn AS**, leading manufacturer of submerged pumping systems.  
 *Sales 2013: NOK 3.4 billion.  
 Orders 2013: NOK 6.1 billion* |
| Equipment to a vegetable oil refining plan in Brazil.  
 **Value SEK 50 million.** | |
| Alfa Laval Packinox heat exchangers to a refinery and petrochemical plant in Vietnam.  
 **Value SEK 55 million.** | |
Highlight - Frank Mohn AS

Marine pumping 50%*

Offshore pumping 23%*

Oil recovery systems 6%*

Service 21%*

Submerged cargo pump  
Cargo heater  
Cargo cooler  
Submerged ballast pump

Water injection pumps  
Cable free electric submersible pumps  
Hydraulic fire water pumps  
Electric fire water pumps  
Electric submersible pumps

Emergency offloading  
The Transrec system  
Remote offloading

*) Sales 2013

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Orders received by customer segment

January – March 2014, 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

Year-on-year comparison
Equipment division

Highlights and sequential comments

- Sanitary down due to larger orders not being repeated. Products for pharma applications performed well.
- Industrial Equipment affected by non-repeats as well as the unusually cold winter in the US. The unstable situation in Ukraine affected demand in Russia.
- OEM as well as Service were unchanged.

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<thead>
<tr>
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<th>Sales</th>
<th>Backlog</th>
</tr>
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<tbody>
<tr>
<td>Q1 2014</td>
<td>2,275</td>
<td>2,206</td>
<td>1,542</td>
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<td>Q1 2013</td>
<td>2,227</td>
<td>2,148</td>
<td>1,598</td>
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*Share of Group total

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Marine & Diesel division

Highlights and sequential comments

- Marine & Diesel Equipment saw overall higher demand following ship contracting growth throughout 2013.
- Marine & Offshore Systems declined somewhat compared to a very strong fourth quarter. Demand for EGC systems grew.
- Service grew, boosted by increased demand for parts as well as increased repair activity.

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<td>Q1 2014</td>
<td>1,923</td>
<td>1,537</td>
<td>5,093</td>
</tr>
<tr>
<td>Q1 2013</td>
<td>1,615</td>
<td>1,515</td>
<td>4,457</td>
</tr>
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*Share of Group total

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The division’s base business was stable while the number of large orders declined from the extraordinary levels seen in the fourth quarter.

Food Technology lower due to less of large orders in Brewery and Protein. Food and Vegetable Oil showed very strong growth.

Process Industry was virtually unchanged with substantial growth for Refinery while Life Science and Petrochem both declined.

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<td>3,276</td>
<td>2,854</td>
<td>8,698</td>
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<td>3,288</td>
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*Share of Group total
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Orders received by Region

January – March 2014, development at constant rates

- Asia 35%
- Western Europe 23%
- North America 19%
- Latin America 6%
- Nordic 9%
- Nordic & Eastern Europe 6%
- Central & Eastern Europe 6%
- Other 2%

Year-on-year comparison:

- North America: -3
- Western Europe: +4
- Latin America: -21
- Asia: +17
- Nordic: +11
- Central & Eastern Europe: +4
- Other: +11

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Highlights Asia

January - March 2014, at constant rates, sequential comments

Asia:

⭐ The base business continued to develop well, while the project business was more mixed, reflecting a cautious approach from some customers.

⭐ Marine & Diesel Equipment continued to benefit from yard contracting. Refinery, petrochemicals and vegetable oil also did well.

⭐ China declined, affected by non-repeats. The base business showed a continued good development, supported by high activity level in Industrial Equipment, Sanitary and Environment.
Highlights Europe

January – March 2014, at constant rates, sequential comments

Western Europe incl. Nordic:
- Unchanged as Process Industry, Food and Marine & Offshore rose, while Energy & Environment was affected by non-repeats. Base business unchanged.
- UK, Iberica, Benelux grew, while France and Nordic were affected by non-repeats.

Central and Eastern Europe:
- Significant drop as record of large orders in fourth quarter was not repeated.
- Base business declined as Russia and Turkey were affected by political uncertainty.
Highlights Americas

January – March 2014, at constant rates, sequential comments

North America:
* Fewer large orders affected the development. The base business, however remained unchanged.
* Energy & Environment and OEM did particularly well while Process Industry, Industrial Equipment and Sanitary declined due to less of larger orders.

Latin America:
* Fewer large orders in Brazil affected the development for the region.
* Service business performed very well, across the three divisions.
Top 10 markets*

SEK million at prevailing rates

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

R12 as per end of March
WY 2013

*The development of the 2013 top ten markets.
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Mr. Thomas Thuresson
CFO
Alfa Laval Group
## Highlights

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<tr>
<th>SEK millions</th>
<th>January – March, 2014</th>
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<tr>
<td>Order intake</td>
<td>7,474</td>
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<td>Net sales</td>
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Highlights

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</tr>
<tr>
<td>Adjusted EBITA</td>
<td>1,062</td>
</tr>
<tr>
<td>Adjusted EBITA-margin</td>
<td>16.1%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>794*</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>1.34</td>
</tr>
<tr>
<td>Earnings per share, excl step-up</td>
<td>1.57</td>
</tr>
<tr>
<td>ROCE</td>
<td>26.4%</td>
</tr>
<tr>
<td>ROE</td>
<td>20.4%</td>
</tr>
</tbody>
</table>

* Including a non-recurring charge of SEK 60 mln related to the acquisition of Frank Mohn AS
## Divisional performance

<table>
<thead>
<tr>
<th></th>
<th>Equipment Q1 ´14</th>
<th>Equipment Q1 ´13</th>
<th>Process Technology Q1 ´14</th>
<th>Process Technology Q1 ´13</th>
<th>Marine &amp; Diesel Q1 ´14</th>
<th>Marine &amp; Diesel Q1 ´13</th>
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<td>Orders</td>
<td>2,275</td>
<td>2,227</td>
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<td>2,854</td>
<td>2,842</td>
<td>1,537</td>
<td>1,515</td>
</tr>
<tr>
<td>Op. profit</td>
<td>301</td>
<td>275</td>
<td>506</td>
<td>493</td>
<td>287</td>
<td>290</td>
</tr>
<tr>
<td>Op margin (%)</td>
<td>13.6</td>
<td>12.8</td>
<td>17.7</td>
<td>17.3</td>
<td>18.7</td>
<td>19.1</td>
</tr>
</tbody>
</table>
# Cash-flow statement

<table>
<thead>
<tr>
<th>SEK millions</th>
<th>Q1 2014</th>
<th>Q1 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow from</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- operating activities</td>
<td>592</td>
<td>971</td>
</tr>
<tr>
<td>- investing activities</td>
<td>-141</td>
<td>-150</td>
</tr>
<tr>
<td>Financial net paid</td>
<td>97</td>
<td>43</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>548</td>
<td>864</td>
</tr>
</tbody>
</table>

**Pro Forma Free cash-flow***

<table>
<thead>
<tr>
<th></th>
<th>Q1 2014</th>
<th>Q1 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pro Forma Free cash-flow</strong>*</td>
<td>567</td>
<td>933</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>Q1 14</th>
<th>FY 14</th>
<th>FY 15*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Translation effect</td>
<td>2</td>
<td>-10</td>
<td>0</td>
</tr>
<tr>
<td>Transaction effect</td>
<td>-12</td>
<td>-40</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-10</td>
<td>-50</td>
<td>5</td>
</tr>
</tbody>
</table>

*Based on EUR/USD 1.38 and EUR/SEK 9.05

Projected FX-effect for 2014 as communicated in Q4 report: SEK -60 million
Order backlog as per March 31

SEK millions

For delivery later than 2014
For delivery in 2014

Book to bill
## Sales

### Full year 2014

<table>
<thead>
<tr>
<th>Description</th>
<th>SEK (bln)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full year 2013</td>
<td>29.8</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><strong>Subtotal</strong></td>
<td>29.6</td>
</tr>
<tr>
<td>Orders “in-for-out”</td>
<td>?</td>
</tr>
<tr>
<td>Price</td>
<td>?</td>
</tr>
<tr>
<td><strong>Full year 2014</strong></td>
<td></td>
</tr>
</tbody>
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Outlook for the second quarter

“We expect that demand during the second quarter will be on about the same level as in the first 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.