Report for Q1 2015

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

January – March 2015

- Orders received rose 32% to SEK 9,844 million.
- Net sales grew 38% to SEK 9,071 million.
- Adjusted EBITA increased 48% to SEK 1,570 million.
- Adjusted EBITA margin 17.3% vs 16.1%

- Positive currency effect SEK 148 million.
Report for Q4 2014

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

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

Q111 | Q211 | Q311 | Q411 | Q112 | Q212 | Q312 | Q412 | Q113 | Q213 | Q313 | Q413 | Q114 | Q214 | Q314 | Q414 | Q115

SEK million

Q111: +38%
Q211: +38%
Q311: +21%
Q411: +21%
Q112: +21%
Q212: +21%
Q312: +21%
Q412: +21%
Q113: +5%
Q213: +5%
Q313: +5%
Q413: +5%
Q114: +5%
Q214: +5%
Q314: +5%
Q414: +5%
Q115: +19%

SEK million R 12

Q111: 0
Q211: 2,000
Q311: 4,000
Q411: 6,000
Q112: 8,000
Q212: 10,000
Q312: 12,000
Q412: 14,000
Q113: 16,000
Q213: 18,000
Q313: 20,000
Q413: 22,000
Q114: 24,000
Q214: 26,000
Q314: 28,000
Q414: 30,000
Q115: 32,000

Q111: +19%
Q211: +19%
Q311: +19%
Q411: +19%
Q112: +19%
Q212: +19%
Q312: +19%
Q412: +19%
Q113: +19%
Q213: +19%
Q313: +19%
Q413: +19%
Q114: +19%
Q214: +19%
Q314: +19%
Q414: +19%
Q115: +19%
## Order analysis

### Q1 2015 versus Q1 2014 and versus Q4 2014 (MSEK)

<table>
<thead>
<tr>
<th></th>
<th>Q1 2014</th>
<th></th>
<th>Q4 2014</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Structural change, %</td>
<td>+ 22.4</td>
<td></td>
<td>- 0.1</td>
<td></td>
</tr>
<tr>
<td>Organic development, %</td>
<td>- 3.8</td>
<td></td>
<td>- 10.0</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>+ 18.6</td>
<td></td>
<td>- 10.1*</td>
<td></td>
</tr>
<tr>
<td>Currency effects, %</td>
<td>+ 13.1</td>
<td></td>
<td>+ 3.8</td>
<td></td>
</tr>
<tr>
<td>Total, %</td>
<td>+ 31.7</td>
<td></td>
<td>- 6.3</td>
<td></td>
</tr>
<tr>
<td>Q1 2015</td>
<td>7,474</td>
<td>9,844</td>
<td>Q1 2015</td>
<td>9,844</td>
</tr>
</tbody>
</table>

*Excluding backlog revaluation it was approx. -3%
Adjusted EBITA / margin*

* Adjusted EBITA – "Earnings before interests, taxes, amortization of goodwill and step up values and comparison distortion items."
Report for Q1 2015

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### Highlights in the quarter

<table>
<thead>
<tr>
<th>Process Technology</th>
<th>Marine &amp; Diesel</th>
</tr>
</thead>
</table>
| Compact heat exchangers for a heat-recovery application in a U.S. refinery.  
  **Value: SEK 80 million** | Framo pumping systems for two Floating Production Storage and Offloading vessels, to be moored outside the Angolan coast.  
  **Value: SEK 260 million.** |
| Air-cooler systems for a natural gas plant in the U.S.  
  **Value: SEK 85 million** | Framo pumping systems for a Floating Storage and Offloading Vessel project in Norway.  
  **Value: SEK 115 million.** |
| Compact heat exchangers to a power plant in the Middle East.  
  **Value: SEK 55 million** | In the quarter we booked 8 SOx systems for 8 ships, bringing the total to 78 systems for 71 ships. |
| Order for air-cooler systems to a natural gas plant in Brazil.  
  **Value: SEK 75 million** |  |
| Air-cooler systems for a natural gas plant in the US.  
  **Value: SEK 70 million** |  |
| OLMI heat exchangers for petrochemical plant in Turkmenistan.  
  **Value: SEK 70 million.** |  |
Report for Q1 2015

- Key figures
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Orders received by customer segment

January – March 2015, at constant rates and like for like

- PTD Service
- Water & Waste
- Food & Life Science
- Energy & Process
- MDD Service
- Industrial Equipment
- Sanitary Equipment
- OEM
- EQD Service
- Marine & Diesel Eq.
- Marine & Offshore Syst.
- Marine & Offshore* Pumping Systems

*Marine & Offshore Pumping Systems is a newly formed segment and therefore lacks comparison numbers

- Equipment division
- Marine & Diesel division
- Process Technology division

Year-on-year comparison

www.alfalaval.com
Equipment division

Highlights and sequential comments

* Industrial Equipment saw lower demand in HVAC and industrial ref, partly compensated by higher demand from commercial ref and data cooling.

* Sanitary saw positive demand from the food, beverage and personal care markets, while both dairy and pharma declined.

* OEM affected by lower demand from AC and heat pump manufacturers.

<table>
<thead>
<tr>
<th>Year</th>
<th>Order</th>
<th>Sales</th>
<th>Backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2015</td>
<td>2,551</td>
<td>2,455</td>
<td>1,795</td>
</tr>
<tr>
<td>Q1 2014</td>
<td>2,275</td>
<td>2,206</td>
<td>1,542</td>
</tr>
</tbody>
</table>

*Share of Group total
Marine & Diesel division

Highlights and sequential comments

- M&D Equipment slightly up as increased demand for environmental products offset lower demand for equipment for new ships.
- Marine & Offshore saw lower demand for SOx while marine boilers rose.
- M&O Pumping unchanged as fewer new marine orders were offset by two large offshore orders.
- Decline for Service amid lower activity for repair and upgrading.

<table>
<thead>
<tr>
<th></th>
<th>Order</th>
<th>Sales</th>
<th>Backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2015</td>
<td>4,008</td>
<td>3,495</td>
<td>13,309</td>
</tr>
<tr>
<td>Q1 2014</td>
<td>1,923</td>
<td>1,537</td>
<td>5,093</td>
</tr>
</tbody>
</table>

Frank Mohn AS contribution:
- orders: SEK 1 708 mln
- sales: SEK 1 439 mln
- order backlog: SEK 6 348 mln

*Share of Group total

Year-on-year comparison
Sequential comparison
**Process Technology division**

### Highlights and sequential comments

- **Energy & Process** affected by up and midstream customers reining in spending due to lower oil price. Refinery and petrochemical customers meanwhile entered a wait-and-see mode for new investments.

- **Food & Life Science** saw fewer large orders while the base business was unchanged.

- **Service** was unchanged.

### Order and Sales by Quarter

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Order</th>
<th>Sales</th>
<th>Backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2015</td>
<td>3,285</td>
<td>3,121</td>
<td>9,188</td>
</tr>
<tr>
<td>Q1 2014</td>
<td>3,276</td>
<td>2,854</td>
<td>8,698</td>
</tr>
</tbody>
</table>

*Share of Group total
Report for Q1 2015

- Key figures
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Orders received by Region

January – March 2015, development at constant rates

- North America: 20%
- Western Europe: 19%
- Nordic: 9%
- Latin America: 5%
- Central & Eastern Europe: 5%
- Asia: 40%
- Other: 2%

Year-on-year comparison:
- North America: +38%
- Western Europe: +4%
- Nordic: +37%
- Central & Eastern Europe: +11%
- Latin America: -6%
- Asia: +1%
Highlights Asia

January – March 2015, at constant rates, sequential comments

Asia:

* China impacted by a somewhat slower business climate. Base business was still unchanged.
* The Chinese development affected the Asian export economies. Furthermore, lower oil and gas prices caused delays in placement of large orders.
* Marine business in South Korea and Japan benefited from good demand.
Highlights Europe

January – March 2015, at constant rates, sequential comments

Western Europe incl. Nordic:
- Western Europe declined as a Q4 record-size order was not repeated. Base business and Service were unchanged.
- Nordic was lifted by a large offshore oil and gas order.

Central and Eastern Europe:
- Russian customers’ difficulties in securing financing dampened investments and led to a drop in large orders.
- Turkey had a record first quarter, with a strong base business.
Highlights Americas

January – March 2015, at constant rates, sequential comments

North America:

• US declined, affected by the non repeat of a large EGC order as well as a decline in OEM. Canada was unchanged.

• Industrial Equipment, Energy & Process and Water & Waste did well in the quarter. Service also had positive development.

Latin America:

• Brazil declined, mainly due to non-repeats but also as a result of the slower business climate.

• Argentina had a strong quarter and region Venezuela, Colombia & Panama also performed well.
Top 10 markets*

SEK million at prevailing rates

- United States
- China
- South Korea
- Nordic
- Mid Europe
- Japan
- SEA
- Adriatic
- Benelux
- UK

*The development of the 2014 top ten markets.
Report for Q1 2015

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Mr. Thomas Thuresson
CFO
Alfa Laval Group
## Highlights

<table>
<thead>
<tr>
<th></th>
<th>January – March 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>9,844</td>
</tr>
<tr>
<td>Net sales</td>
<td>9,071</td>
</tr>
</tbody>
</table>
Gross profit margin

In percent of sales

Q112 | Q212 | Q312 | Q412 | Q113 | Q213 | Q313 | Q413 | Q114 | Q214 | Q314 | Q414 | Q115

38.5 | 38.2 | 39.4 | 36.7
# Gross profit margin

Q1 2015 versus Q1 2014 and versus Q4 2014

<table>
<thead>
<tr>
<th></th>
<th>Q1 2014</th>
<th>39.4</th>
<th>Q4 2014</th>
<th>34.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mix/price</td>
<td>- -</td>
<td></td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>Load/volume</td>
<td>-</td>
<td></td>
<td>=</td>
<td></td>
</tr>
<tr>
<td>FX</td>
<td>++</td>
<td></td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>Structure</td>
<td>mix</td>
<td>-</td>
<td>=</td>
<td></td>
</tr>
<tr>
<td></td>
<td>FX, unrealized</td>
<td>=</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q1 2015</td>
<td>36.7</td>
<td></td>
<td>Q1 2015</td>
<td>36.7</td>
</tr>
</tbody>
</table>
### Highlights

<table>
<thead>
<tr>
<th>SEK millions</th>
<th>January – March, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Order intake</strong></td>
<td>9,844</td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td>9,071</td>
</tr>
<tr>
<td><strong>Adjusted EBITA</strong></td>
<td>1,570</td>
</tr>
<tr>
<td><strong>Adjusted EBITA-margin</strong></td>
<td>17.3%</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>1,264</td>
</tr>
<tr>
<td><strong>Earnings per share</strong></td>
<td>2.05</td>
</tr>
<tr>
<td><strong>Earnings per share, excl step-up</strong></td>
<td>2.50</td>
</tr>
<tr>
<td><strong>ROCE</strong></td>
<td>20.5%</td>
</tr>
<tr>
<td><strong>ROE</strong></td>
<td>18.9%</td>
</tr>
</tbody>
</table>
## Divisional performance

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Q1</strong></td>
<td>2015</td>
<td>2014</td>
<td>2015</td>
<td>2014</td>
<td>2015</td>
<td>2014</td>
</tr>
<tr>
<td><strong>Orders</strong></td>
<td>2,551</td>
<td>2,275</td>
<td>3,285</td>
<td>3,276</td>
<td>4,008</td>
<td>1,923</td>
</tr>
<tr>
<td><strong>Backlog</strong></td>
<td>1,795</td>
<td>1,542</td>
<td>9,188</td>
<td>8,698</td>
<td>13,309</td>
<td>5,093</td>
</tr>
<tr>
<td><strong>Sales</strong></td>
<td>2,455</td>
<td>2,206</td>
<td>3,121</td>
<td>2,854</td>
<td>3,495</td>
<td>1,537</td>
</tr>
<tr>
<td><strong>Op. profit</strong></td>
<td>284</td>
<td>301</td>
<td>410</td>
<td>506</td>
<td>702</td>
<td>280</td>
</tr>
<tr>
<td><strong>Op margin (%)</strong></td>
<td>11.6</td>
<td>13.6</td>
<td>13.1</td>
<td>17.7</td>
<td>20.1</td>
<td>18.2</td>
</tr>
</tbody>
</table>

- **Restructuring (neg)**
- **Volume (neg)**
- **FX & R&D (pos)**
- **Volume (neg)**
- **Price/mix (neg)**
- **FX (pos)**
- **Sales (pos)**
- **FX (pos)**
- **Cost (neg)**
- **Step-up (neg)**
<table>
<thead>
<tr>
<th>Cash flow from</th>
<th>Q1 2015</th>
<th>Q1 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>- operating activities</td>
<td>1,101</td>
<td>592</td>
</tr>
<tr>
<td>- investing activities</td>
<td>- 80</td>
<td>- 141</td>
</tr>
<tr>
<td>Financial net paid</td>
<td>- 126</td>
<td>97</td>
</tr>
<tr>
<td>Total</td>
<td>895</td>
<td>548</td>
</tr>
</tbody>
</table>

**Pro Forma Free cash-flow**

<table>
<thead>
<tr>
<th></th>
<th>Q1 2015</th>
<th>Q1 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>894</td>
<td>567</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 15</th>
<th>FY 15</th>
<th>FY 16*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Translation effect</td>
<td>103</td>
<td>270</td>
<td>-</td>
</tr>
<tr>
<td>Transaction effect</td>
<td>45</td>
<td>275</td>
<td>450</td>
</tr>
<tr>
<td>Total</td>
<td>148</td>
<td>545</td>
<td>450</td>
</tr>
</tbody>
</table>

*Based on EUR/USD 1.06 and EUR/SEK 9.33

Projected FX-effect for 2015 as communicated in Q4 report: SEK 280 million
Order backlog as per March 31

<table>
<thead>
<tr>
<th>Quarter</th>
<th>For delivery in 2015</th>
<th>For delivery after 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q111</td>
<td>11,814</td>
<td>7,083</td>
</tr>
<tr>
<td>Q112</td>
<td>15,333</td>
<td>3,519</td>
</tr>
<tr>
<td>Q113</td>
<td>15,730</td>
<td>7,862</td>
</tr>
<tr>
<td>Q114</td>
<td>24,292</td>
<td>8,562</td>
</tr>
<tr>
<td>Q115</td>
<td>15,333</td>
<td>3,519</td>
</tr>
</tbody>
</table>

**SEK millions**

- Q111: 11,814 SEK (delivery in 2015) + 7,083 SEK (delivery after 2015) = 18,897 SEK
- Q112: 15,333 SEK (delivery in 2015) + 3,519 SEK (delivery after 2015) = 18,852 SEK
- Q113: 15,730 SEK (delivery in 2015) + 7,862 SEK (delivery after 2015) = 23,592 SEK
- Q114: 24,292 SEK (delivery in 2015) + 8,562 SEK (delivery after 2015) = 32,854 SEK
- Q115: 15,333 SEK (delivery in 2015) + 3,519 SEK (delivery after 2015) = 18,852 SEK

**Book to bill**
# Sales

## Full year 2015

<table>
<thead>
<tr>
<th></th>
<th>SEK (bln)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full year 2014</td>
<td>35.1</td>
</tr>
<tr>
<td>Order backlog, like-for-like</td>
<td>+ 1.0</td>
</tr>
<tr>
<td>FX-translation</td>
<td>+ 1.8</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>+ 1.6</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>39.5</strong></td>
</tr>
<tr>
<td>Orders “in-for-out”</td>
<td>?</td>
</tr>
<tr>
<td>Price</td>
<td>?</td>
</tr>
</tbody>
</table>

**Full year 2015**
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Outlook for the second quarter

“We expect that demand during the second quarter will be somewhat lower than in the first quarter.”
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.