

Report for Q3 2019

Tom Erixon
President and CEO
Alfa Laval Group

Key figures

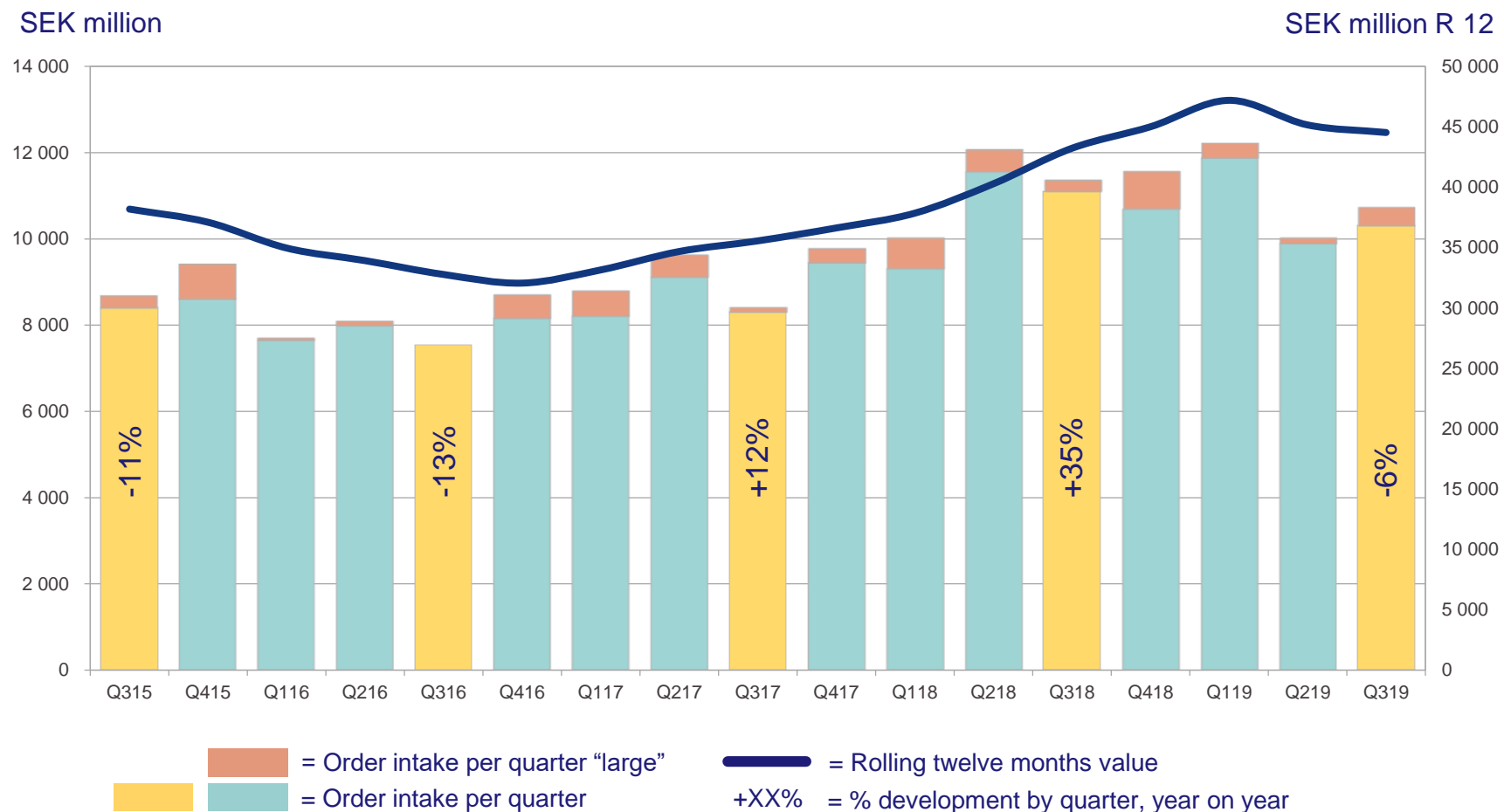


	Q3 2019	Q3 2018	%-change	%-▲,org*
Order intake	10,728	11,357	-6	-8
Net sales	12,056	10,131	19	18
Adjusted EBITA**	2,141	1,736	23	
Adjusted EBITA-margin (%)	17.8	17.1		
<hr/>				
	YTD 2019	YTD 2018	%-change	%-▲,org
Order intake	32,966	33,444	-1	-3
Net sales	33,553	29,457	14	12
Adjusted EBITA***	5,739	4,931	16	
Adjusted EBITA-margin (%)	17.1	16.7		

*) Organic growth excluding currency effects and structural changes.

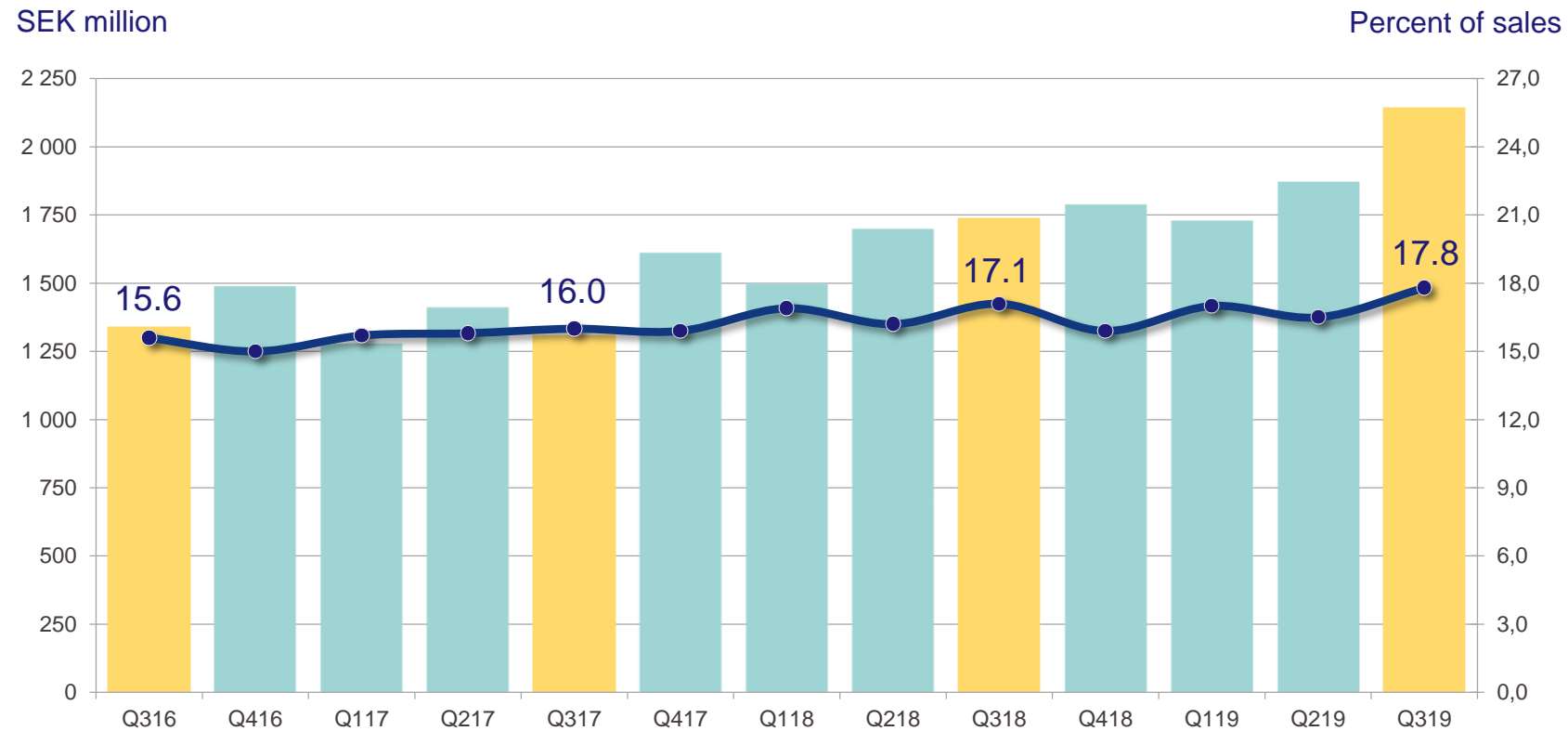
) Positive currency effect SEK 85 million *) Positive currency effect SEK 275 million

Orders received



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."

Energy division

– Highlights and comments



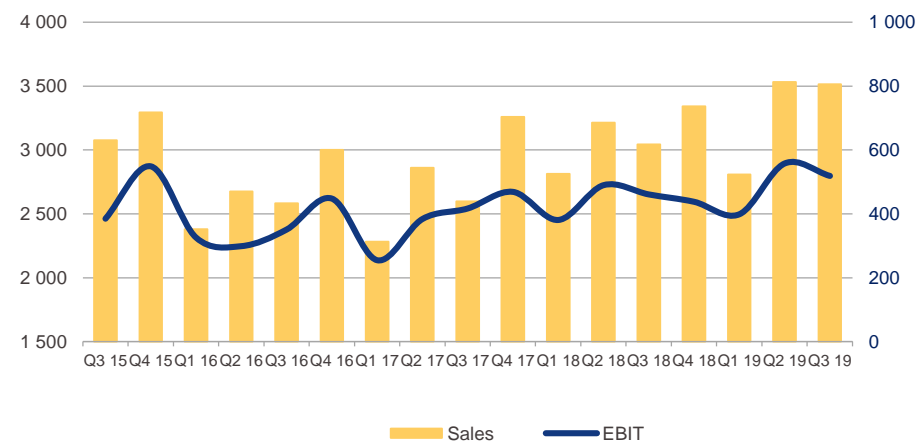
MARKETS & ORDER INTAKE

- Strong demand in HVAC and refrigeration driven by new refrigerants and demand for energy efficiency solutions.
- Orders from the hydro carbon chain were overall higher, driven by high investment levels in the refinery segment.

PROFITABILITY (EBIT)

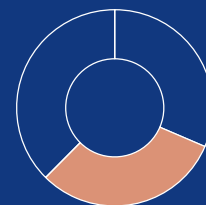
- The increase operating income was driven by higher sales. Operating margin was impacted by mix in capital sales, especially compared to Q2.

	Q3 19	Q3 18	YoY %-change	Q2 19
ORDERS	3,355	3,039	+10.4	3,566
SALES	3,515	3,043	+15.5	3,531
EBIT	519	461		558
EBIT (%)	14.8	15.1		15.8



Food & Water division

– Highlights and comments



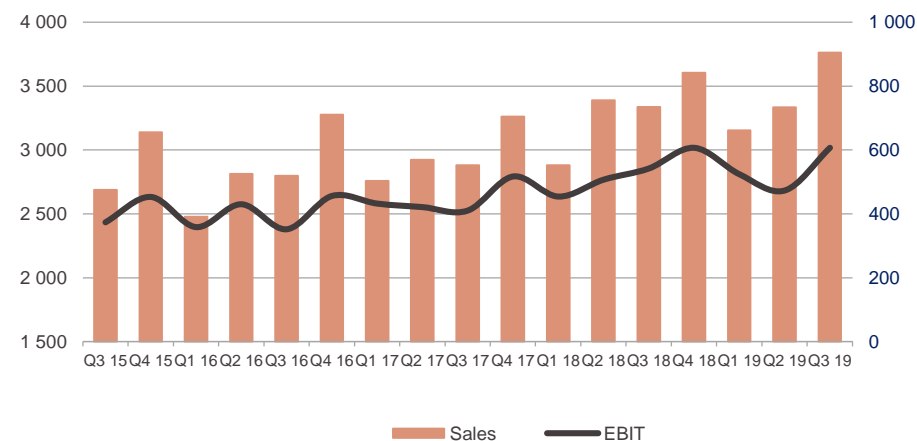
MARKETS & ORDER INTAKE

- Demand in most end markets remained stable on a high level.
- The positive demand trend in waste water applications continued in the quarter.
- Service grew, supported by a good development in biotech and edible oil.

PROFITABILITY (EBIT)

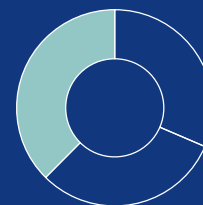
- Invoicing grew on the back of the strong order book generating a stable margin in line with the same quarter last year.

	Q3 19	Q3 18	YoY %-change	Q2 19
ORDERS	3,306	3,151	+4.9	3,520
SALES	3,763	3,336	+12.8	3,335
EBIT	607	542		473
EBIT (%)	16.1	16.2		14.2



Marine division

– Highlights and comments



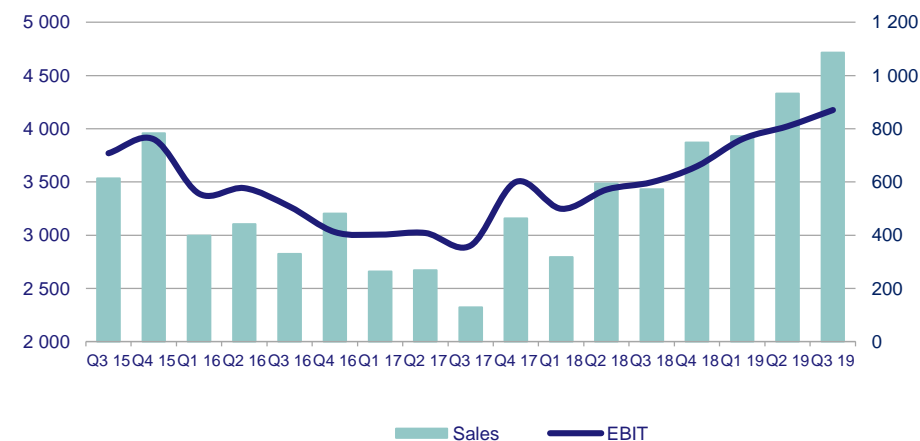
MARKETS & ORDER INTAKE

- All businesses except Gas systems grew in the quarter.
- Strong demand for PureBallast systems, supported by enforcement of legislation in Q3.
- Pumping systems grew on the back of two large offshore orders booked in the quarter.
- Service grew significantly compared to the same quarter last year, partly supported IMO 2020 regulation.

PROFITABILITY (EBIT)

- Strong invoicing growth and a good mix in capital sales contributed to the improved profitability in the quarter.

	Q3 19	Q3 18	YoY %-change	Q2 19
ORDERS	4,006	4,903	-18.3	3,144
SALES	4,715	3,433	+37.3	4,329
EBIT	870	599		809
EBIT (%)	18.5	17.4		18.7

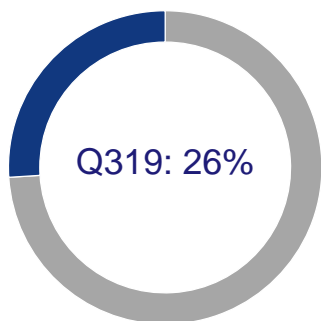


Service, by division

– Order intake Q3, share and development



ENERGY

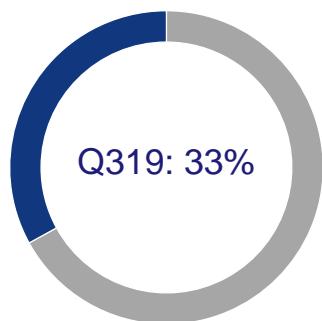


Absolute development



YoY

FOOD & WATER

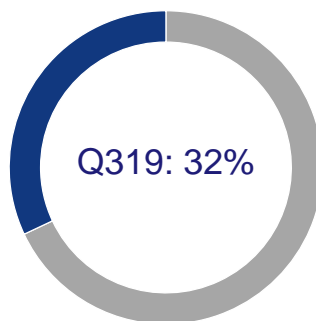


Absolute development



YoY

MARINE



Absolute development



YoY

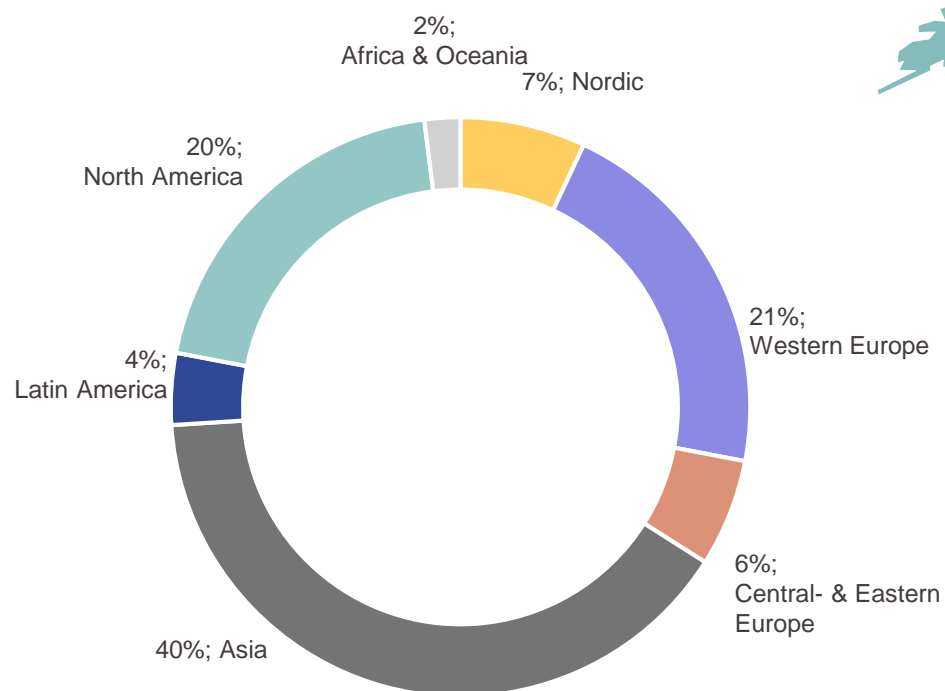
 = Service share of total order intake



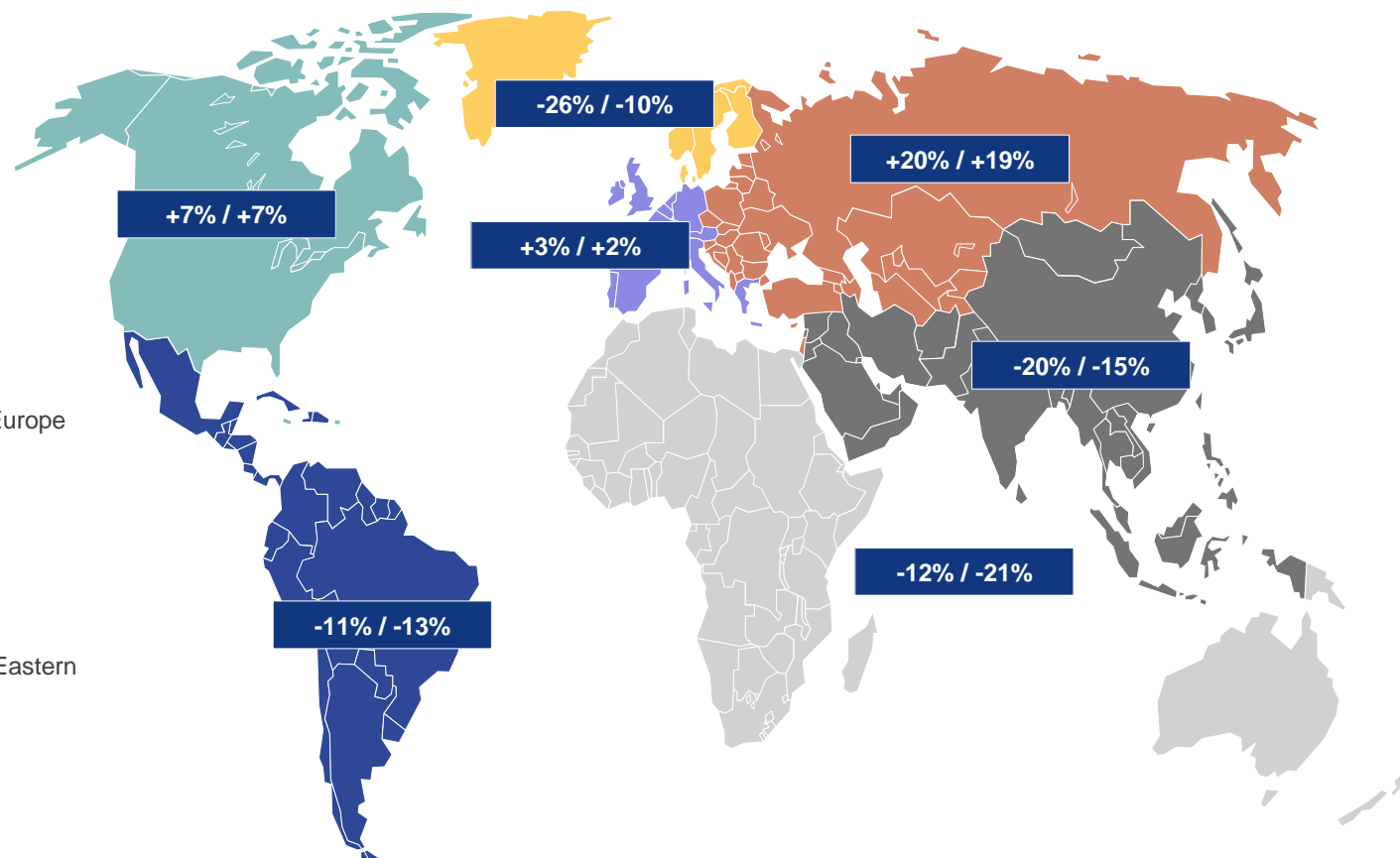
Orders received by region



– July – September 2019 & development Q3 vs Q3 and YTD vs YTD, at constant rates



July - September



vs Q3 2018 / vs YTD 2018



Report for Q3 2019

Jan Alde
CFO
Alfa Laval Group

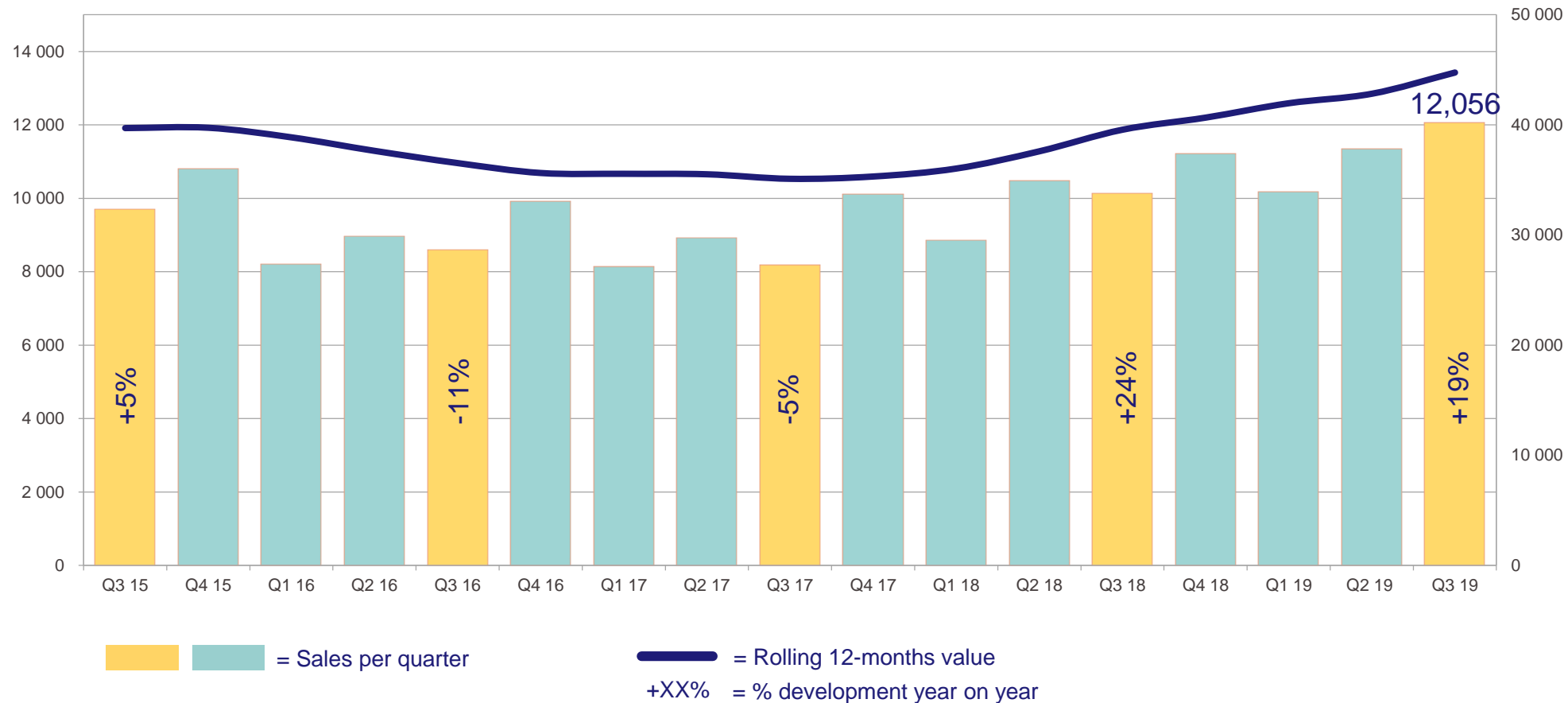
Sales

– MSEK



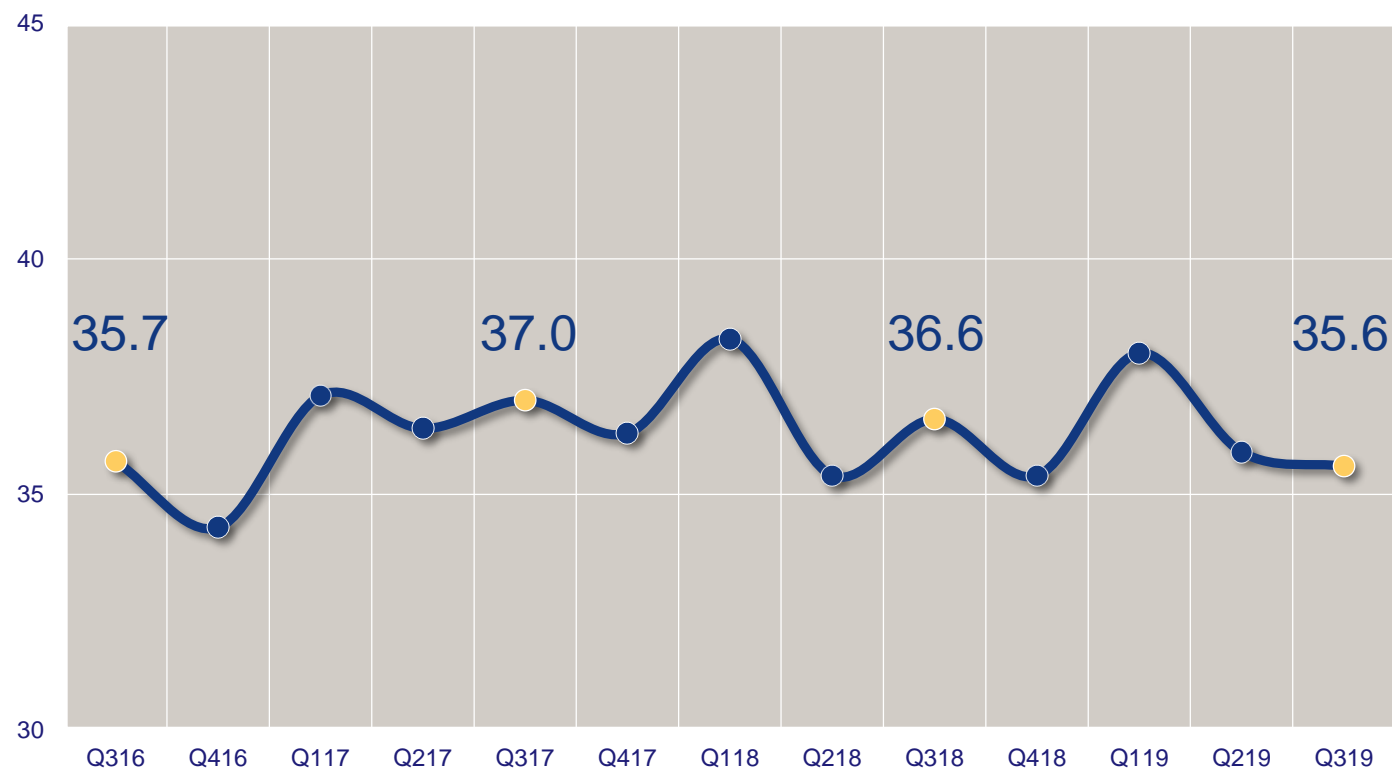
SEK million

SEK million R 12



Gross profit margin

– In percent of sales



Q3 2018	36.6
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Mix/price	--
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Load/volume	-
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PPV/metals	+
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FX	+
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Structure	=
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Q3 2019	35.6
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Key figures

– July – September, MSEK



	Q3 2019	Q3 2018
Sales	12,056	10,131
Gross profit	4,038	3,443
Sales & Admin	-1,676	-1,570
R&D	-267	-231
Net other cost/income	-214	-139
Operating income	1,882	1,510
Financial net	25	-52
Profit before tax	1,907	1,458
Taxes	-460	-384
EPS	3.43	2.56

Cash-flow statement

– MSEK



	Q3 2019	Q3 2018	YTD 2019	YTD 2018
Cash flow from				
- operating activities	1,247	1,350	2,831	3,393
- investing activities	-232	-415	-523	-765
Financial net paid	-25	-58	183	-66
Total	990	877	2,491	2,562
Pro Forma Free cash-flow*	995	877	2,183	2,485

*Incl. operating activities, capital expenditure and financial net paid.

Foreign exchange



– Estimated impact on adjusted EBITA from FX fluctuations, MSEK

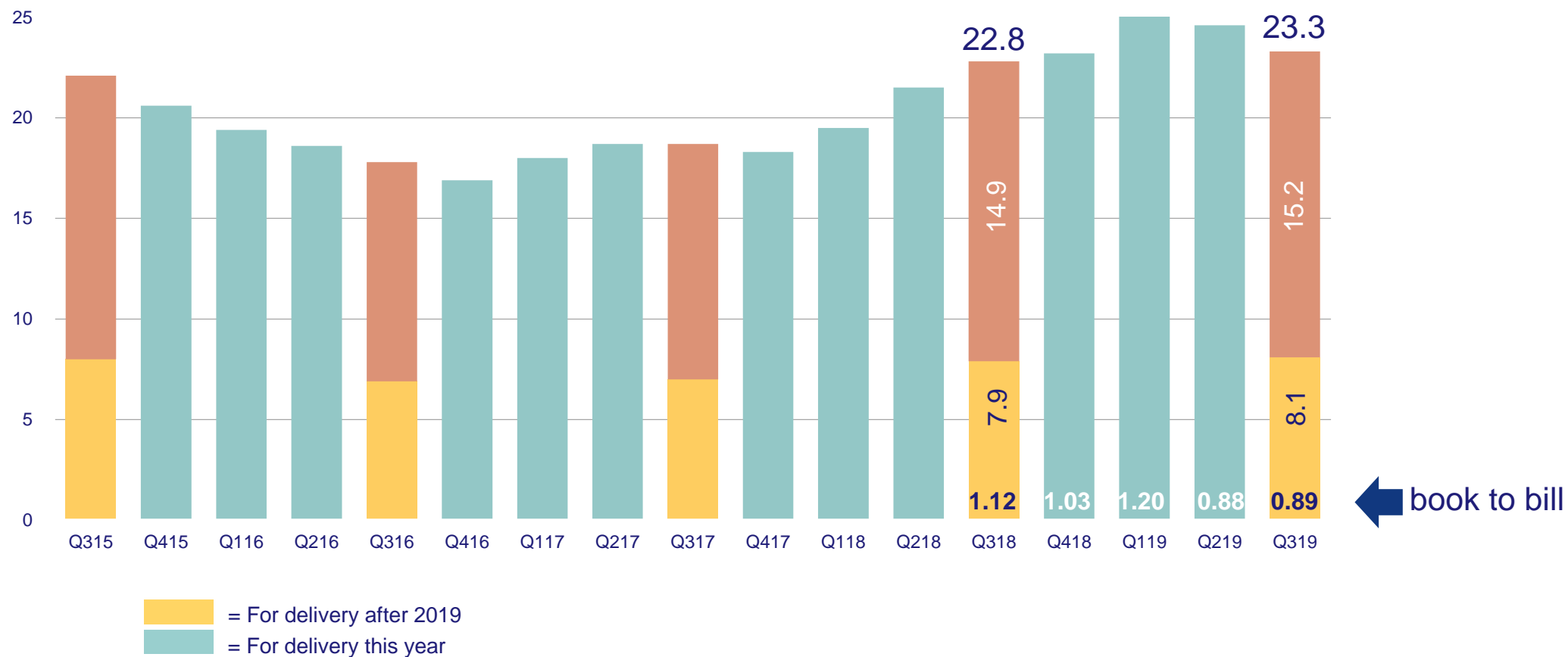
	Q3 2019	YTD 2019	FY 2019	FY 2020*
Transaction effect	60	125	230	440
Revaluation	-45	-20	-	-
Translation effect	70	170	265	-
Total	85	275	495	440

*) Based on EUR/USD 1.111 and EUR/SEK 10.726

Projected FX-effect for 2019 communicated with Q2 report: SEK 395 million

Order backlog as per September 30

– SEK billion



Sales

– FY 2019, SEK billion



YTD sales	33.6
Backlog, for delivery current year	+8.1
Subtotal	41.7

For you to consider:

Price

“In-for-out”*

FX translation

Acquisitions

Full year 2019

*IFO Q3-Q4 2018 was SEK 3.3 bln.

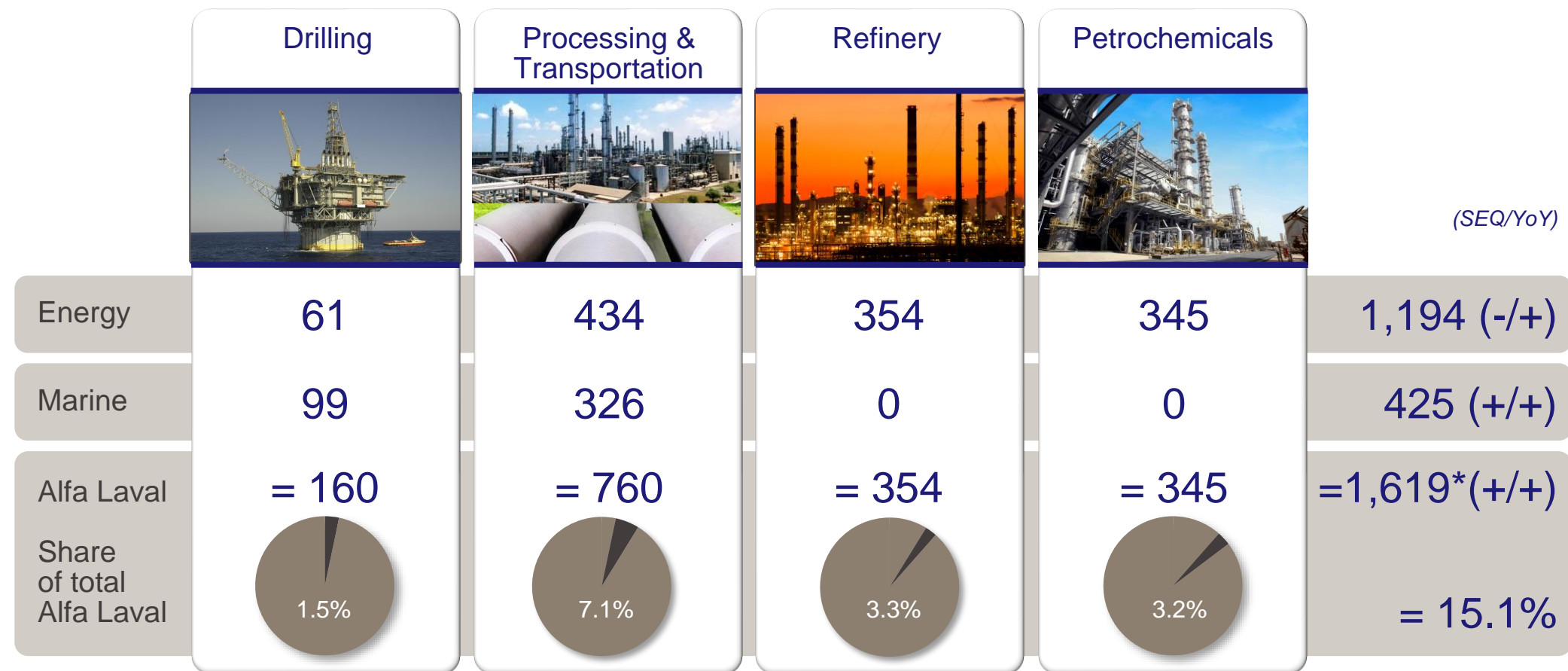
Outlook for the fourth quarter:

“We expect that demand in the fourth quarter will be somewhat higher than in the third quarter.”



Activity split O&G, total

– Distribution of orders Q3 2019 (MSEK)

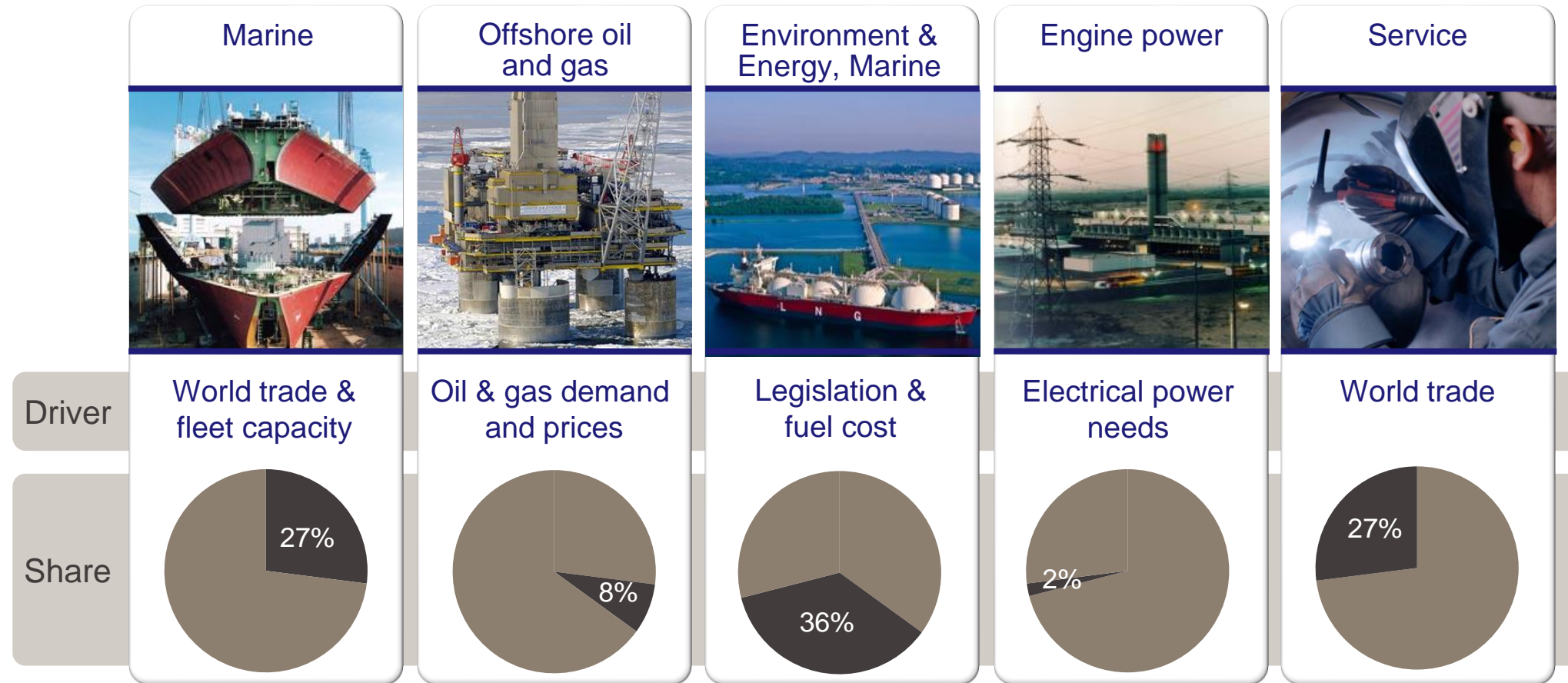


*) incl. aftermarket

Marine Division's industry split



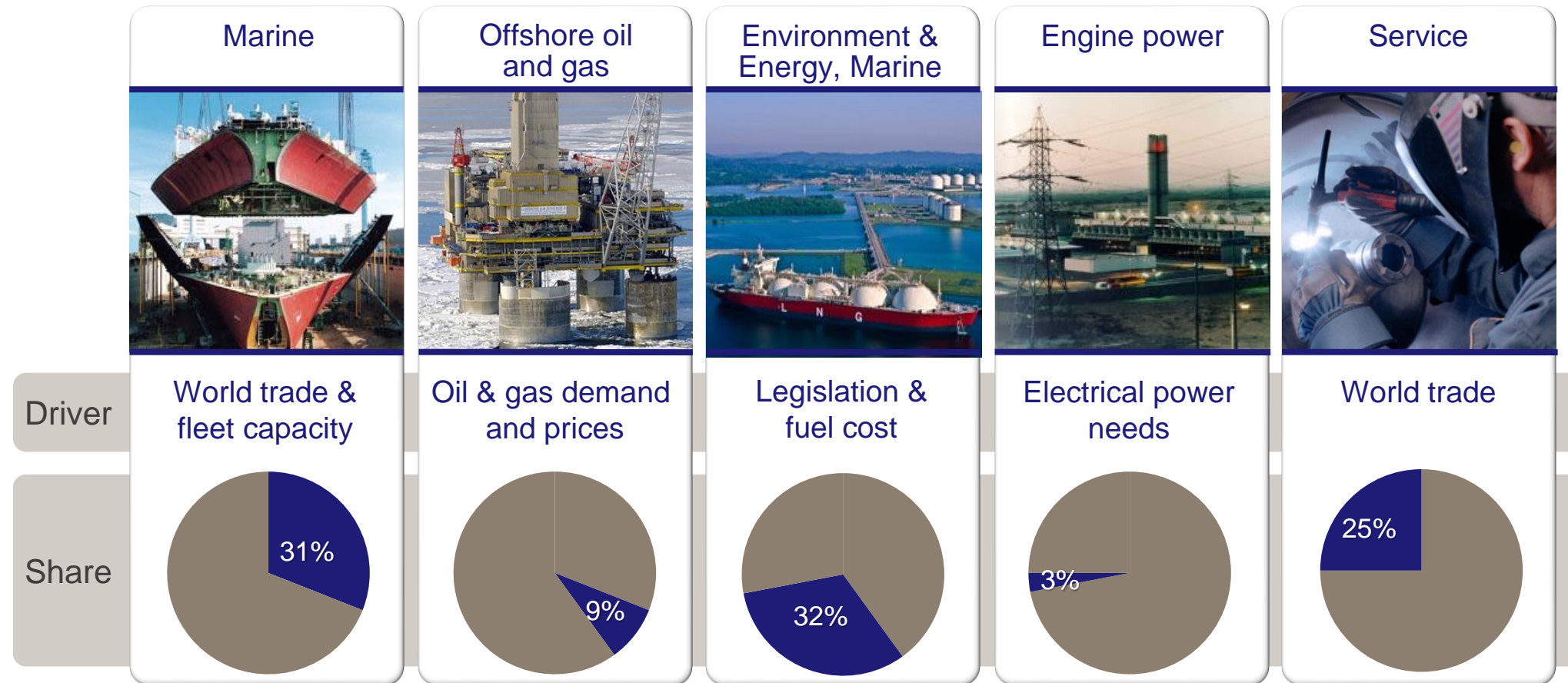
– Distribution of orders LTM, end of September



Marine Division's industry split

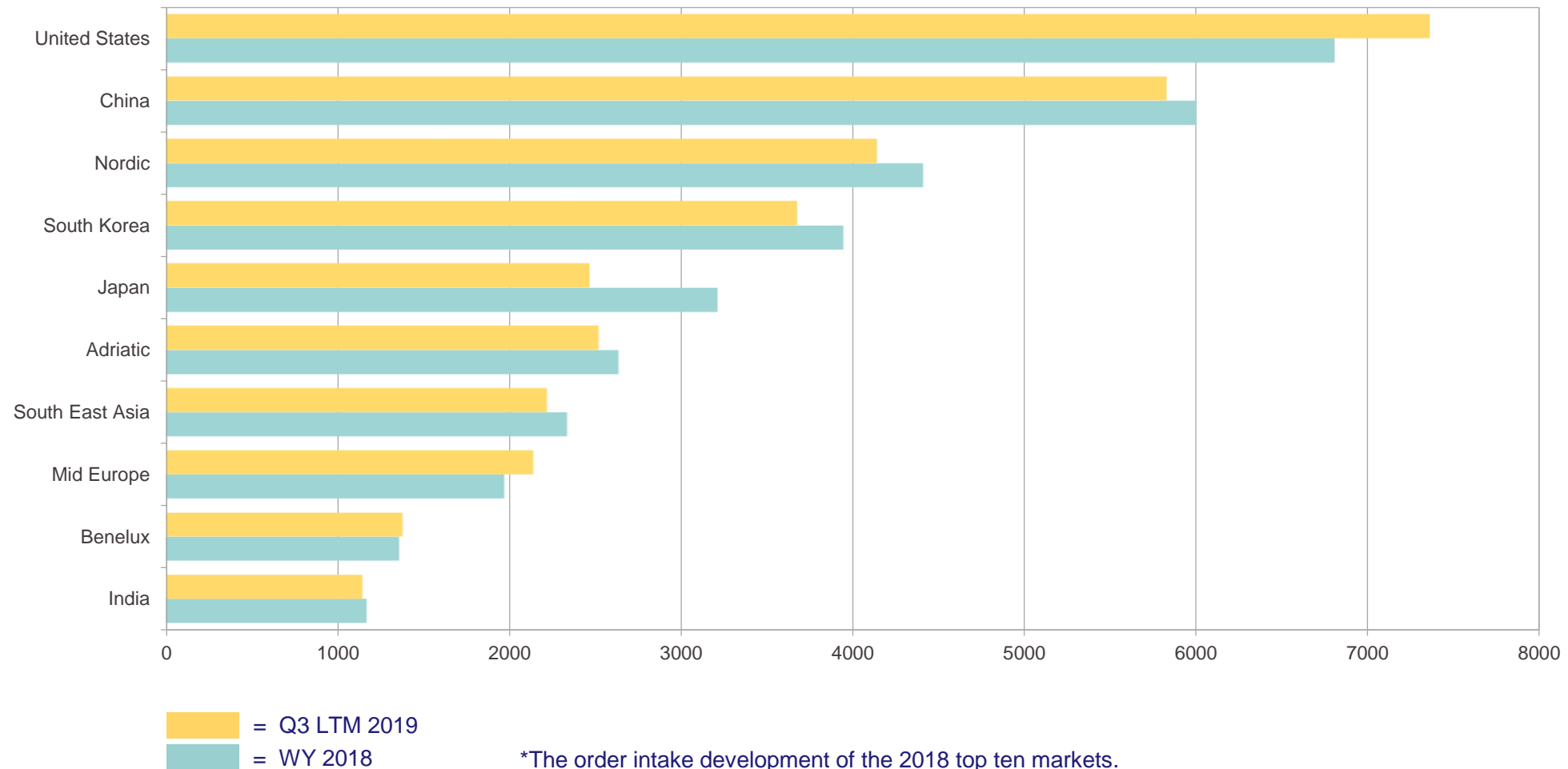


– Distribution of sales LTM end of September



Top ten markets*

– SEK million at prevailing rates



Divisional sales and profitability

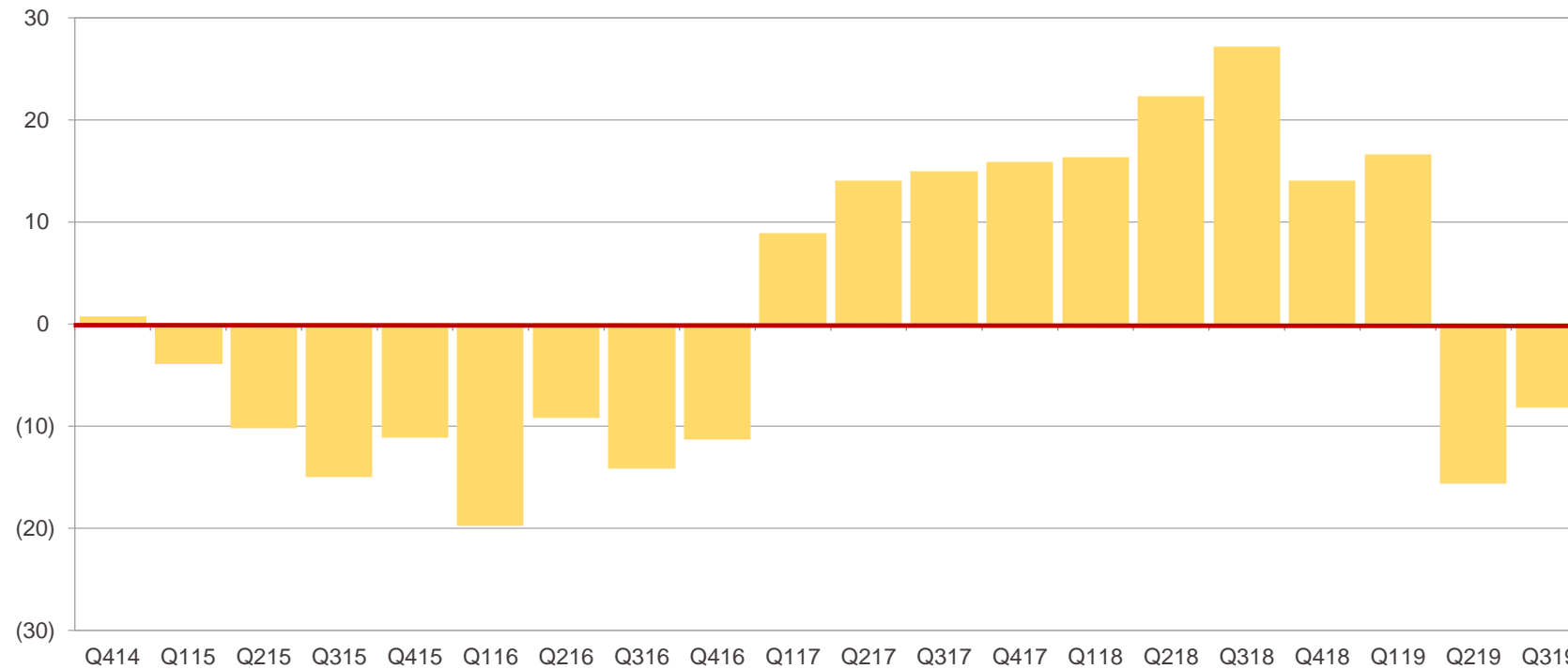


	ENERGY		FOOD & WATER		MARINE	
Q3	2019	2018	2019	2018	2019	2018
Sales	3,515	3,043	3,763	3,336	4,715	3,433
Op. profit	519	461	607	542	870	599
Op. margin, %	14.8	15.1	16.1	16.2	18.5	17.4

Organic growth pace



– Compared with same quarter last year (%), excluding currency effects



 = Order intake growth

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.

