

# Report for Q1 2020

**Tom Erixon**  
President and CEO  
Alfa Laval Group

# Key figures

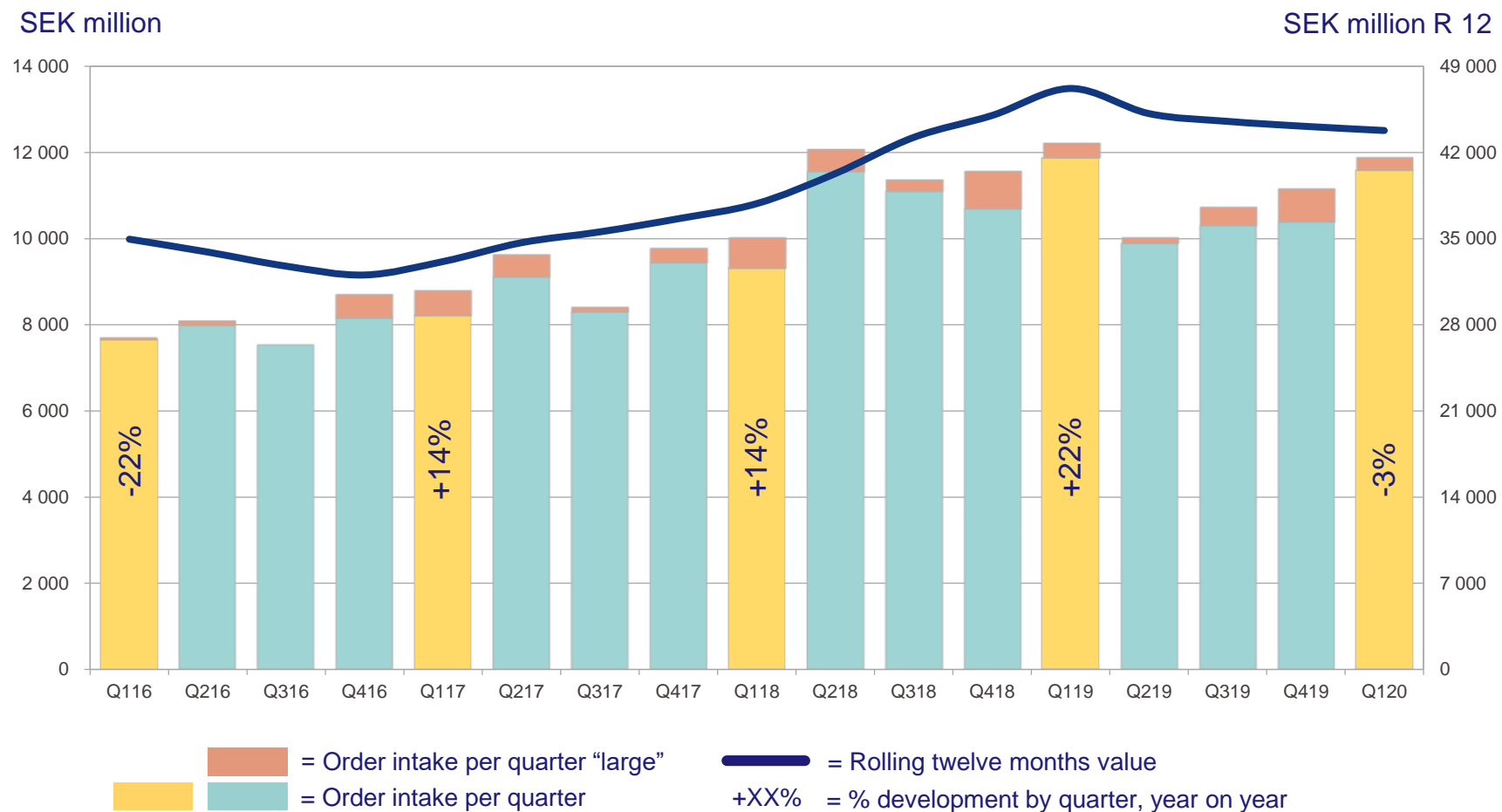


	Q1 2020	Q1 2019	%-change	%-▲,org*
Order intake	11,877	12,213	-3	-2
Net sales	10,590	10,158	4	5
Adjusted EBITA**	1,750	1,728	1	
Adjusted EBITA-margin (%)	16.5	17.0		

\*) Organic growth excluding currency effects and structural changes. SEK 769 (-83) million of the order intake in the quarter is a result of revaluation of the backlog denominated in foreign currency.

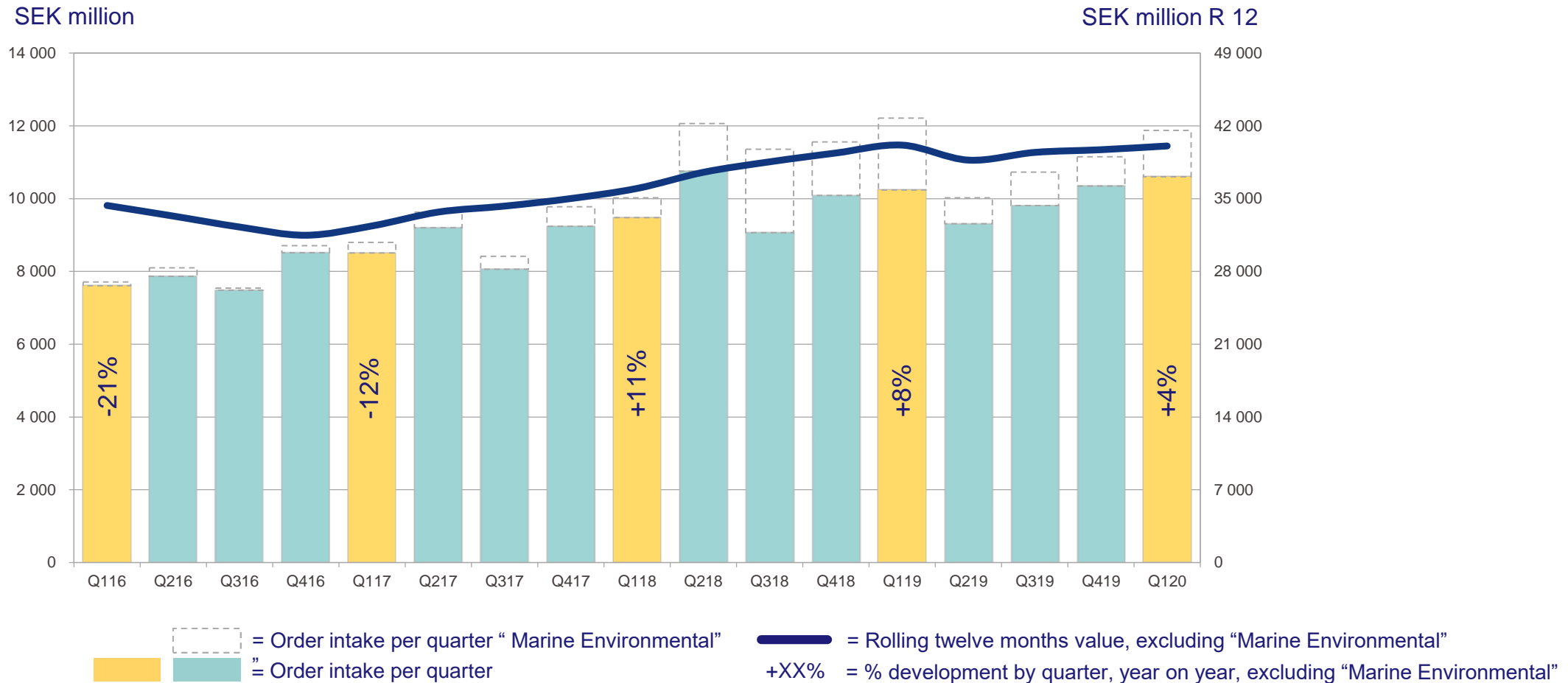
\*\*) Impact on EBITA of foreign exchange effects SEK 90 (95) million.

# Orders received



# Orders received

– Orders received excluding the “Marine Environmental”\* business



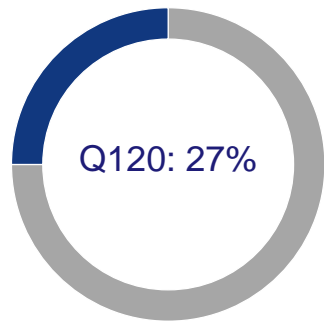
\*) Alfa Laval PureSOx and Alfa Laval PureBallast.

# Service, by division

– Order intake Q1, share and development



## ENERGY

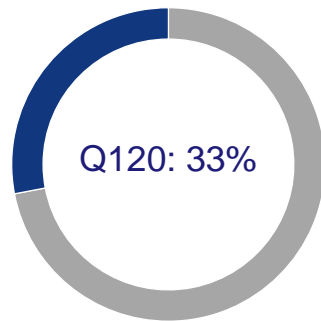


Absolute development



YoY

## FOOD & WATER

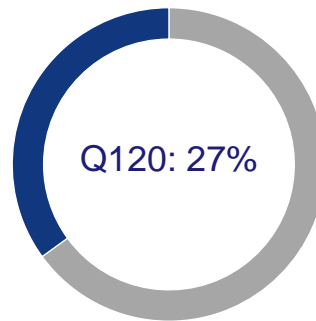


Absolute development



YoY

## MARINE



Absolute development



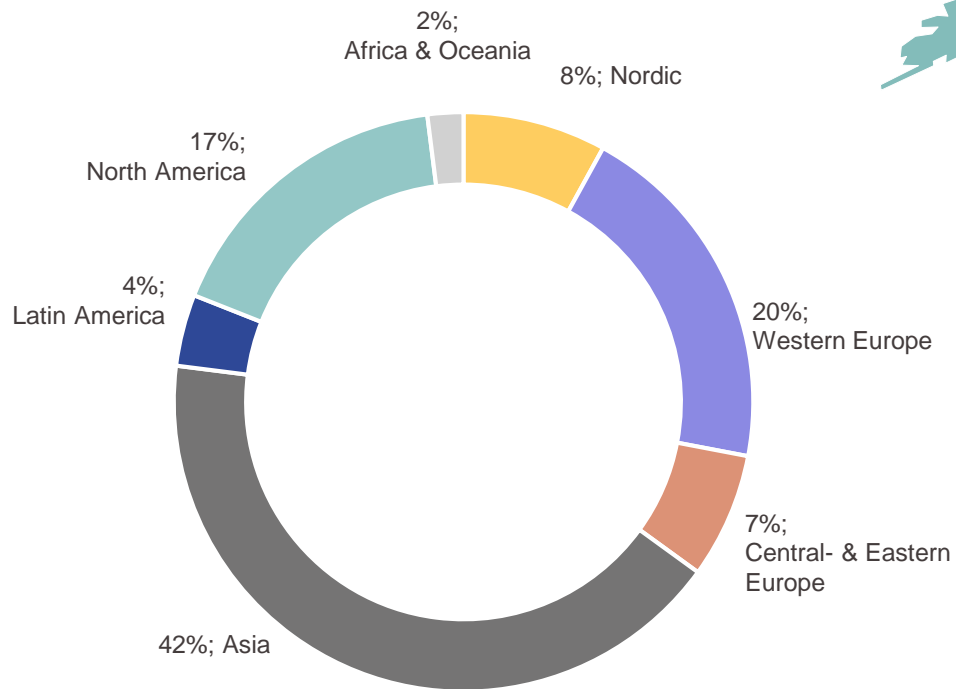
YoY

 = Service share of total order intake

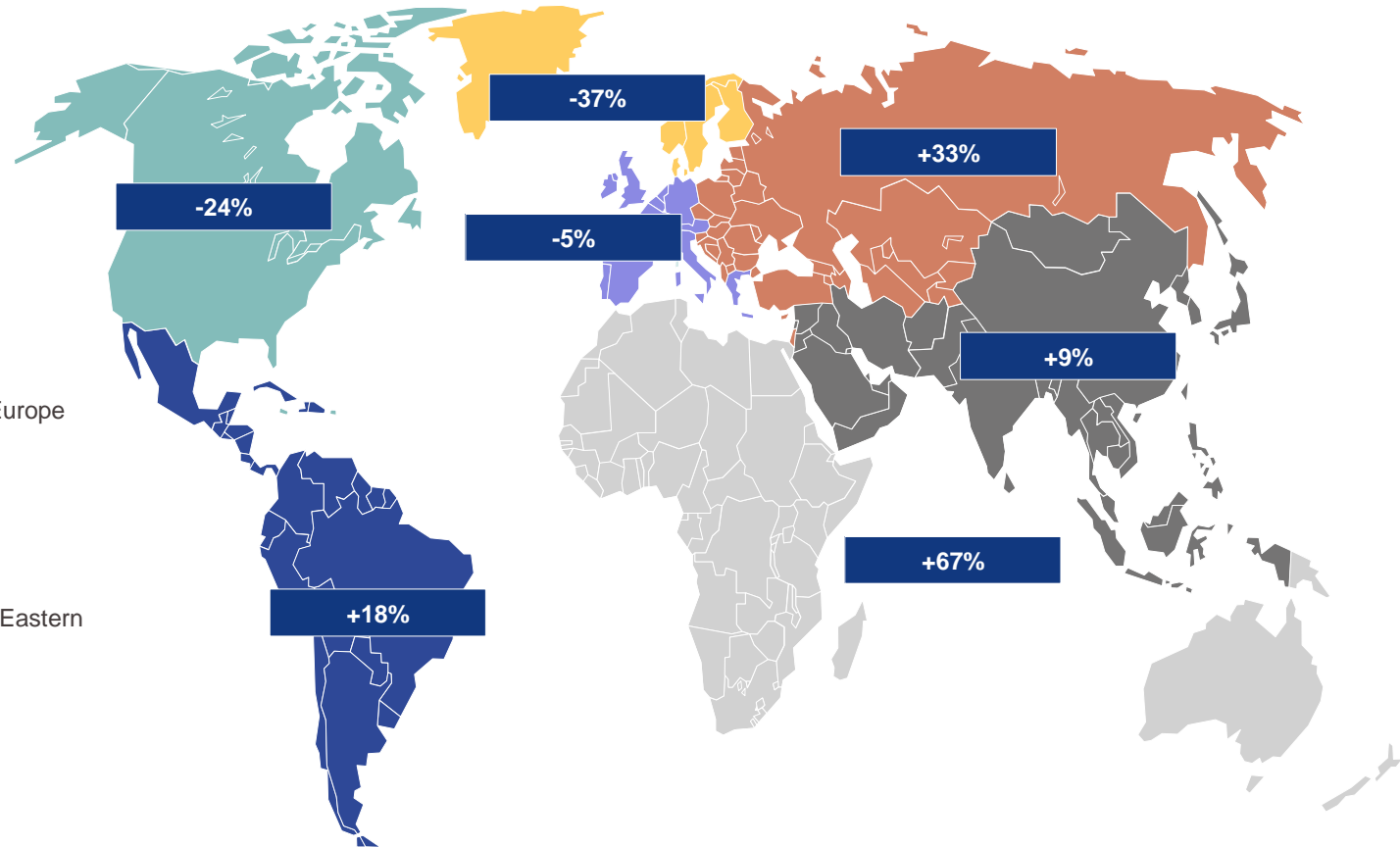


# Orders received by region

– January – March 2020 & development Q1-20 vs. Q1-19 at constant rates



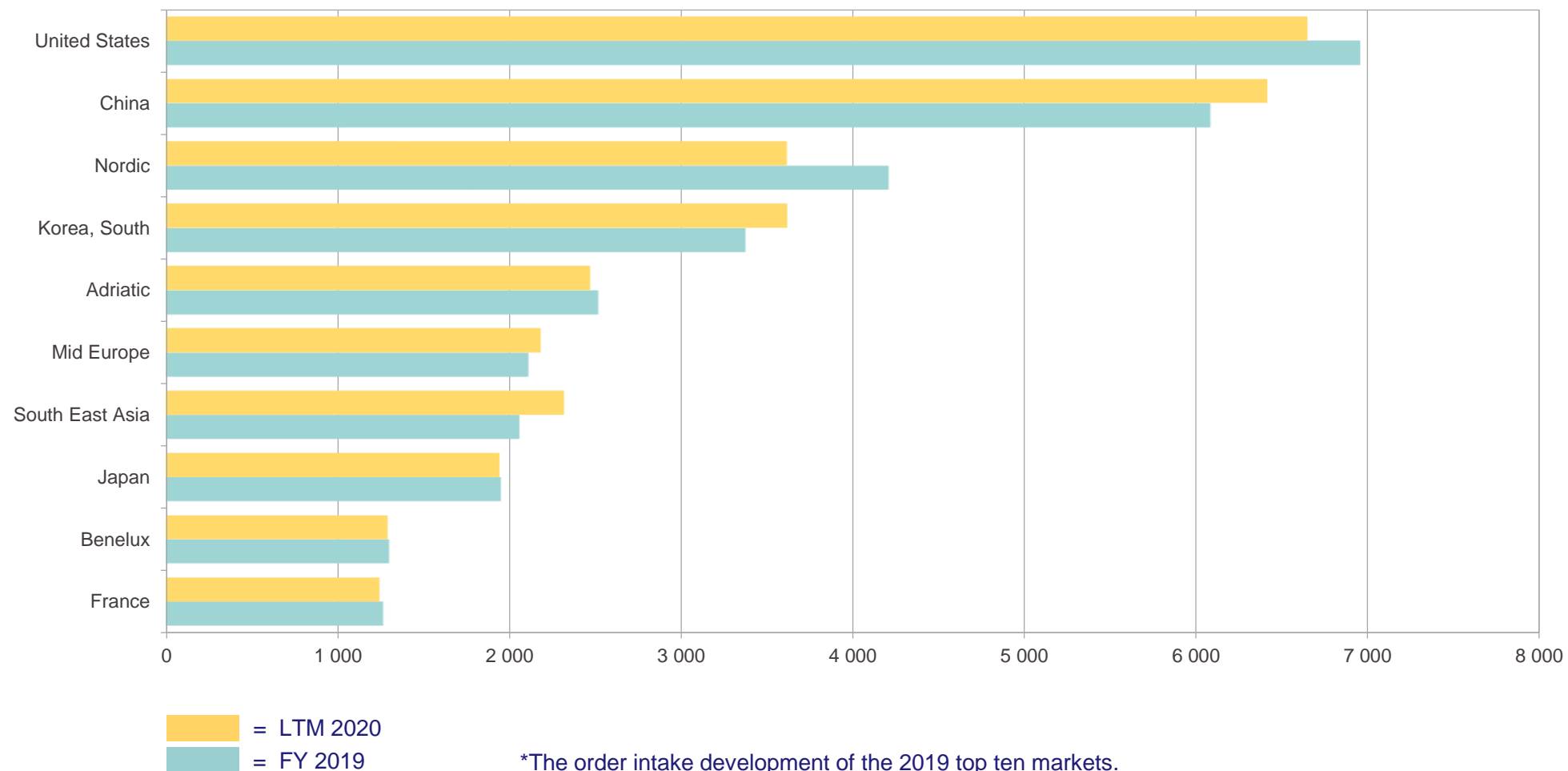
January – March 2020



vs Q1 2019

# Top ten markets\*

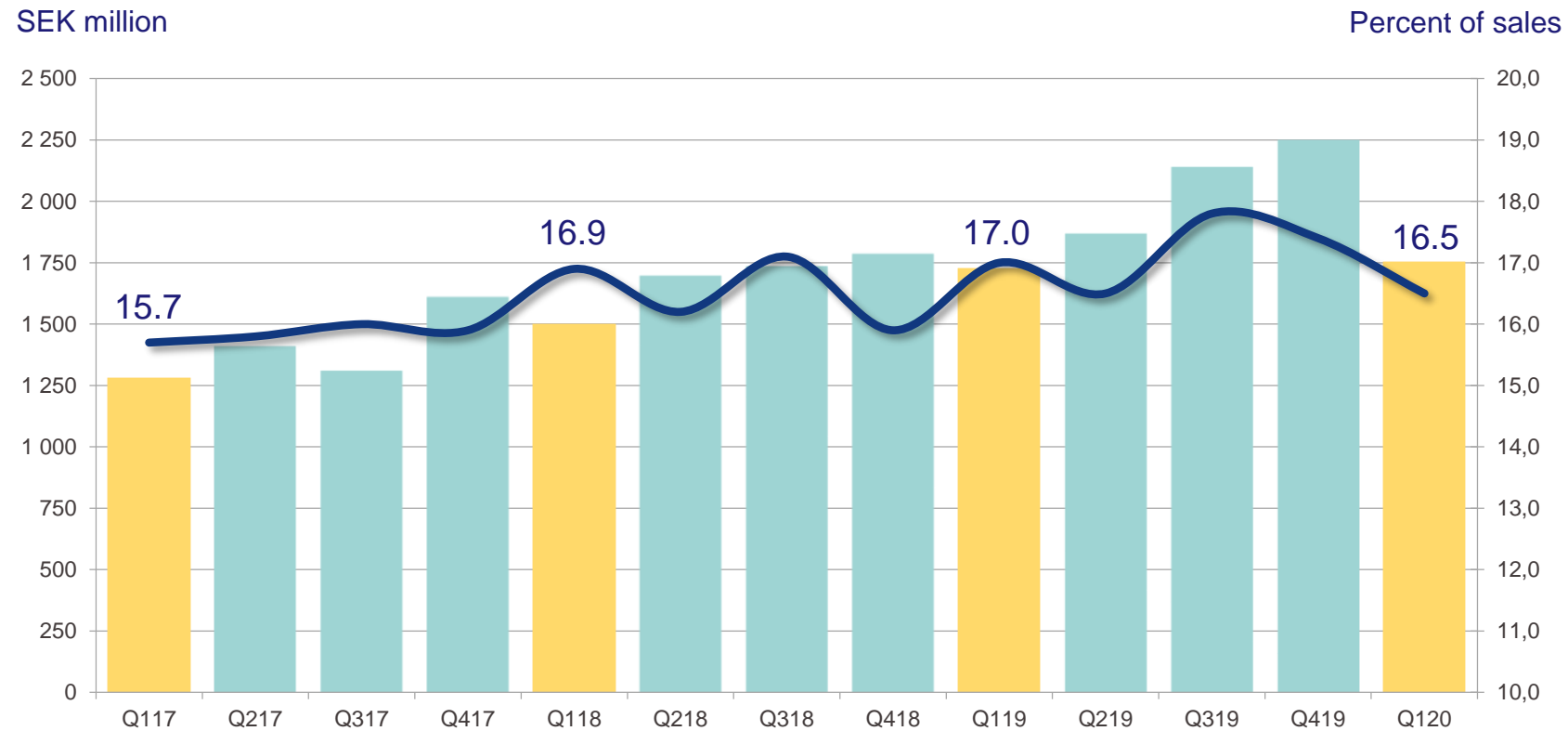
– SEK million at prevailing rates





# 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



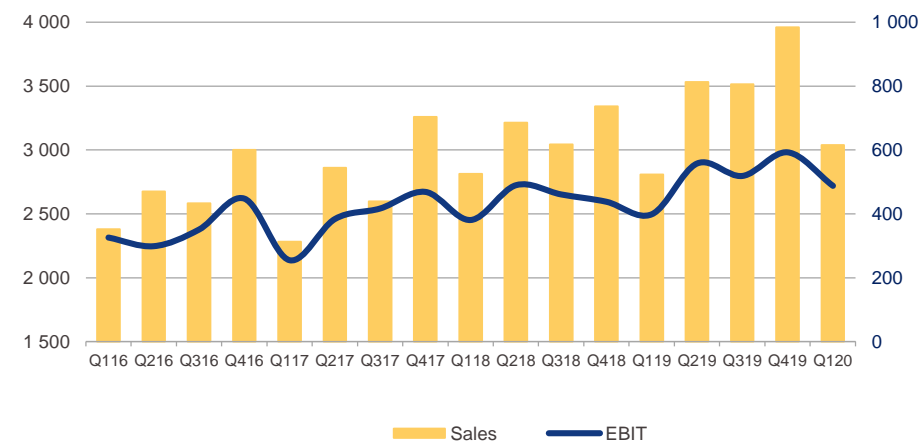
## MARKETS & ORDER INTAKE

- Investment activity in the hydrocarbon chain negatively impacted by current market turmoil.
- Demand in HVAC and refrigeration continued on a high level with good growth in the quarter.
- Stable growth in Service.

## PROFITABILITY (EBIT)

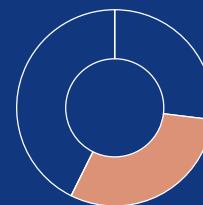
- Strong invoicing growth and a favorable load resulted in an improved operating margin in the quarter.

	Q1 20	Q1 19	YoY %-change	Q4 19
ORDERS	3,197	3,448	-7.3	3,594
SALES	3,039	2,807	+8.3	3,961
EBIT	488	399		593
EBIT (%)	16.1	14.2		15.0



# Food & Water division

– Highlights and comments



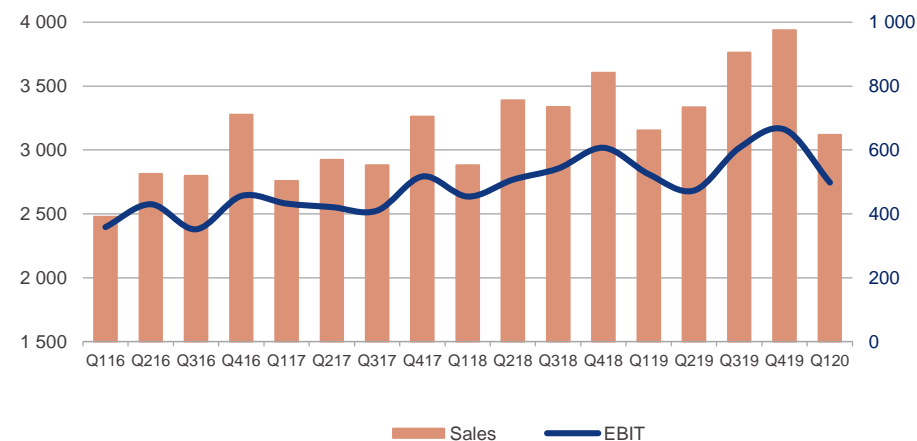
## MARKETS & ORDER INTAKE

- Overall demand remained stable on a high level.
- Strong demand from customers in the dairy and biotech segments.
- Service developed well in the quarter.

## PROFITABILITY (EBIT)

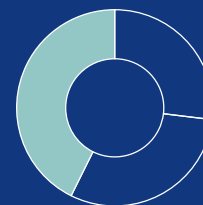
- The positive mix from a higher share of service could not fully compensate for the lower invoicing and lower load in some factories.

	Q1 20	Q1 19	YoY %-change	Q4 19
ORDERS	3,612	3,480	+3.8	3,720
SALES	3,118	3,153	-1.1	3,938
EBIT	498	524		664
EBIT (%)	16.0	16.6		16.9



# Marine division

– Highlights and comments



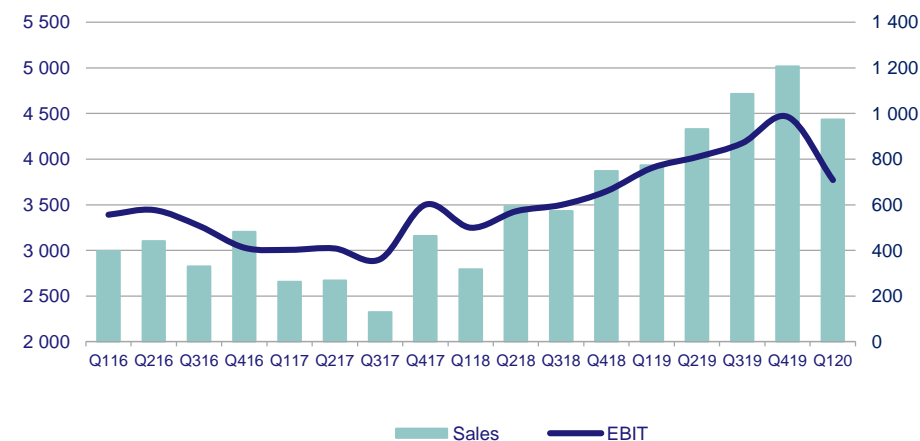
## MARKETS & ORDER INTAKE

- Demand in BU Pumping systems was solid both for cargo pumping and offshore.
- Demand for PureBallast systems continued on a high level, while the retrofit demand for PureSOx was negatively impacted by the oil price development.
- Service continued to grow.

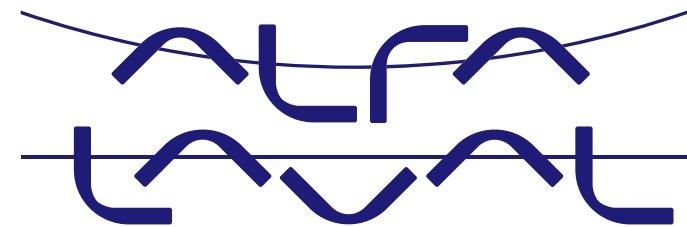
## PROFITABILITY (EBIT)

- Capital sales was affected by negative mix. FX driven balance sheet revaluations had a negative effect on profitability.

	Q1 20	Q1 19	YoY %-change	Q4 19
ORDERS	5,068	4,963	+2.1	3,840
SALES	4,433	3,932	+12.7	5,017
EBIT	708	761		985
EBIT (%)	16.0	19.4		19.6



Note) SEK 636 (-60) million of the order intake in the Marine Division in the quarter is a result of revaluation of the backlog denominated in foreign currency.



# Report for Q1 2020

**Jan Alde**  
CFO  
Alfa Laval Group

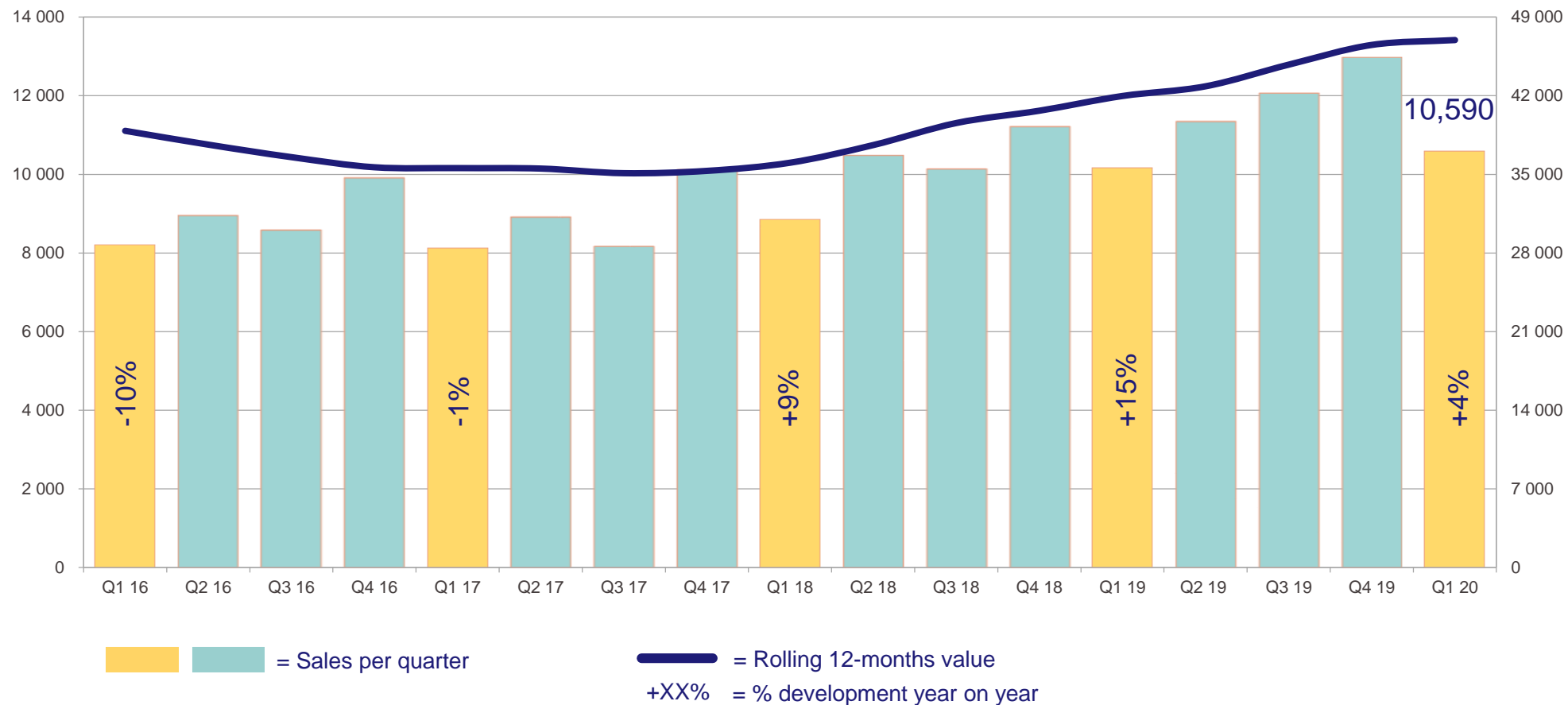
# Sales

– MSEK



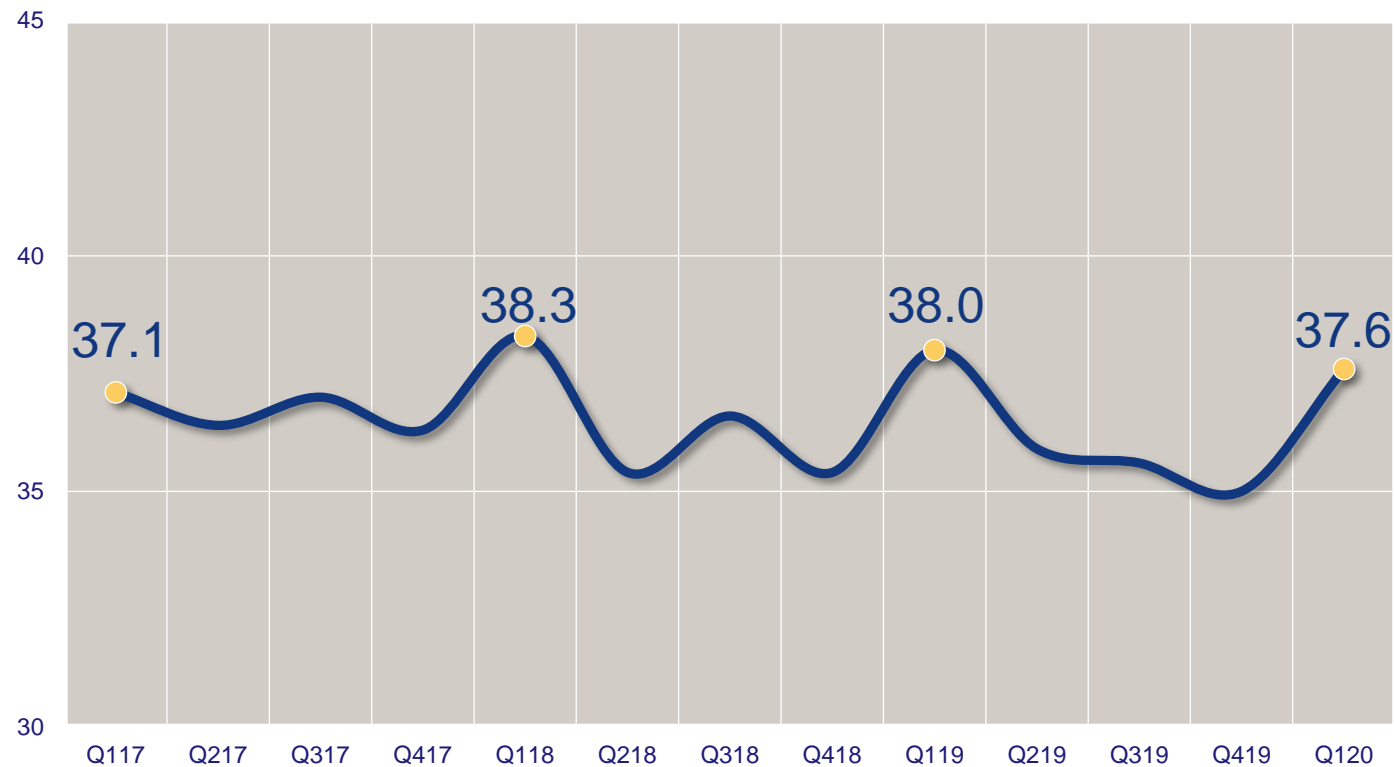
SEK million

SEK million R 12



# Adjusted gross margin

– In percent of sales



Q1 2019	38.0
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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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Q1 2020	37.6
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# Divisional sales and profitability

– MSEK



	ENERGY		FOOD & WATER		MARINE	
Q1	2020	2019	2020	2019	2020	2019
Sales	3,039	2,807	3,118	3,153	4,433	3,932
Op. profit	488	399	498	524	708	761
Op. margin, %	16.1	14.2	16.0	16.6	16.0	19.4
<b>Op. Margin (%) comments</b>	<ul style="list-style-type: none"> <li>• Volume and factory loading (+)</li> <li>• Mix impact (-)</li> <li>• Cost (=)</li> </ul>		<ul style="list-style-type: none"> <li>• Volume and factory loading (-)</li> <li>• Mix impact (+)</li> <li>• Cost (-)</li> </ul>		<ul style="list-style-type: none"> <li>• Volume and factory loading (=)</li> <li>• Mix impact (-)</li> <li>• FX (~ -2%)                             <ul style="list-style-type: none"> <li>• Revaluation (~50%)</li> <li>• Dilution (~50%)</li> </ul> </li> <li>• Cost (-)</li> </ul>	



# Key figures

– MSEK



	Q1 2020	Q1 2019
Sales	10,590	10,158
Gross profit	3,763	3,604
Sales & Admin	-1,670	-1,669
R&D	-286	-260
Net other cost/income	-291	-212
Operating income	1,528	1,471
Financial net	-142	151
Profit before tax	1,386	1,622
Taxes	-362	-397
EPS	2.43	2.90

# Cash-flow statement

– MSEK



	Q1 2020	Q1 2019
Cash flow from		
- operating activities	959	975
- investing activities	-83	-494
Financial net paid	-347	167
Total	529	648
Pro Forma Free cash-flow*	405	708

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

# Foreign exchange



– Estimated impact on adjusted EBITA from FX fluctuations, MSEK

	Q1 2020	FY 2020	FY 2021*
Transaction effect	60	530	380
Translation effect	30	20	-
Total	90	550	380

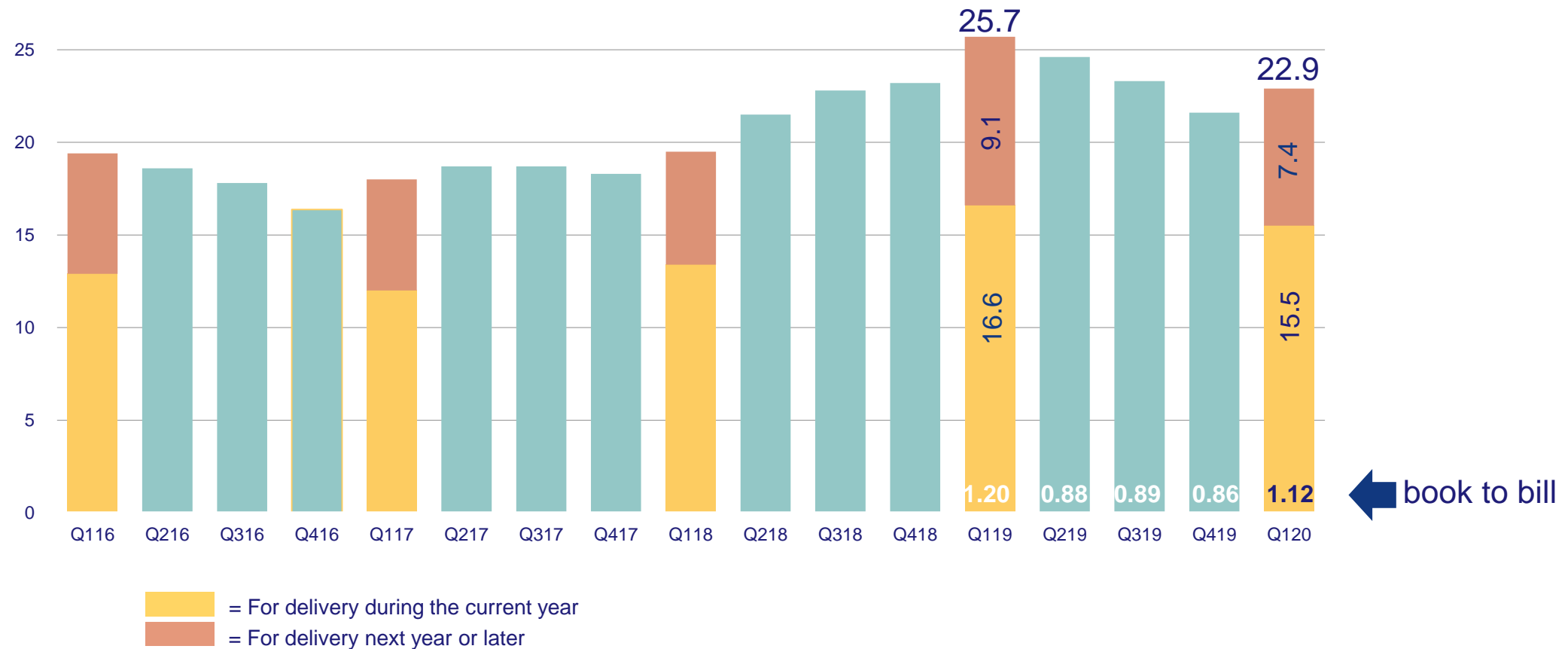
Note: Excludes FX effects caused by revaluation of balance items in foreign currency.

\*) Based on EUR/USD 1.118 and EUR/SEK 10.935

Projected FX-effect for 2020 communicated with Q4 report: SEK 380 million

# Order backlog as per March 31

– SEK billion



# Sales

– FY 2020, SEK billion



Q1 Sales	10.6
Backlog, for delivery current year	+15.5
Subtotal	26.1

*For you to consider:*

Price

“In-for-out”\*

FX translation

Acquisitions

Full year 2020

\*IFO in Q2-Q4 2019 excluding acquisitions/divestments was SEK 20.0 bln.

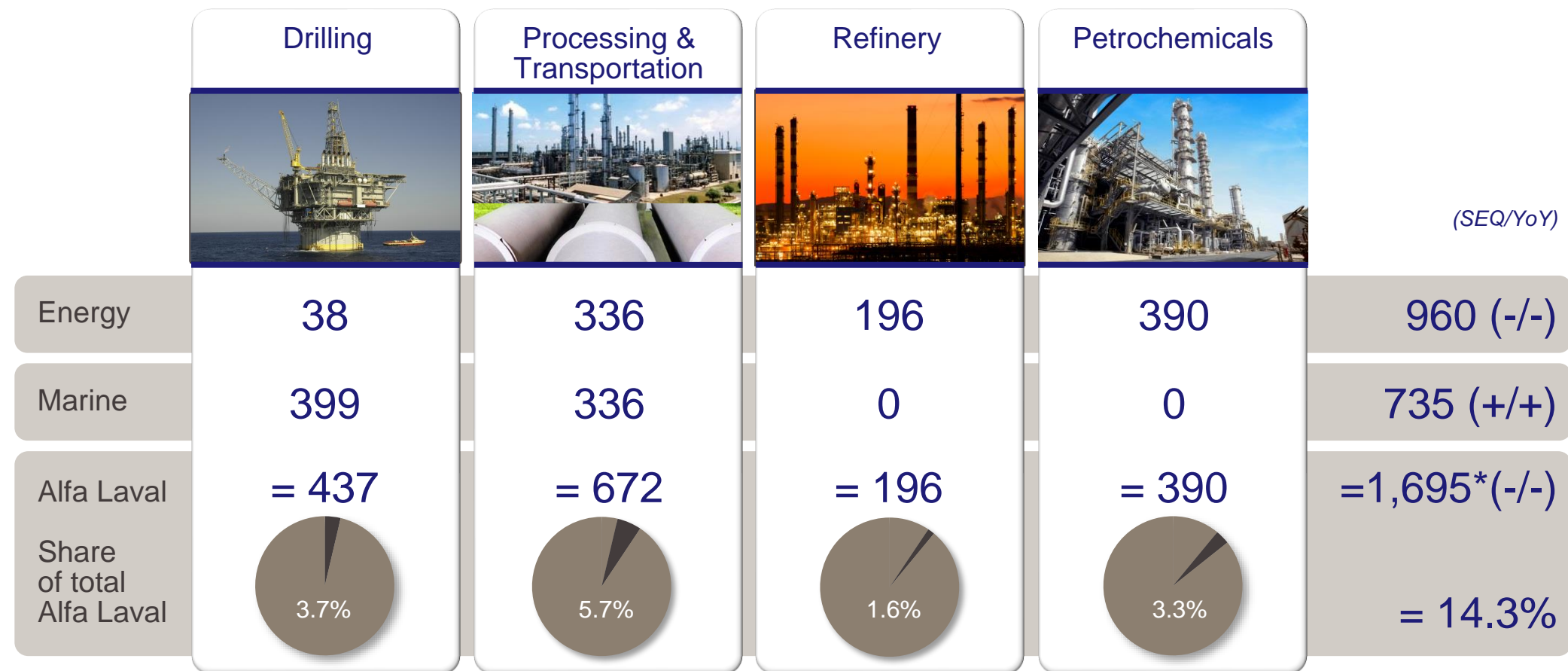
Outlook for the second quarter:

“We expect demand in the second quarter to be lower than in the first quarter.”



# Activity split O&G, total

– Distribution of orders Q1 2020 (MSEK)



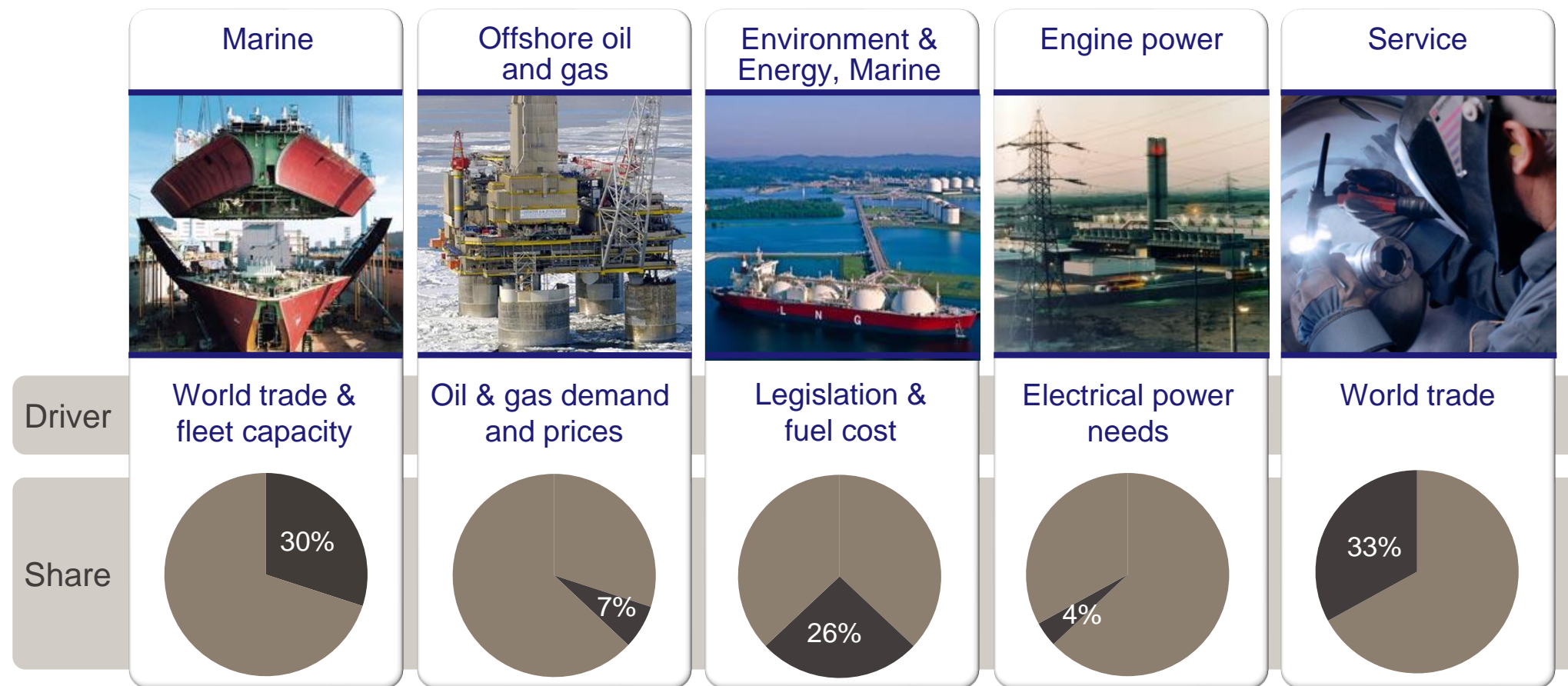
\*) incl. aftermarket



# Marine Division's industry split



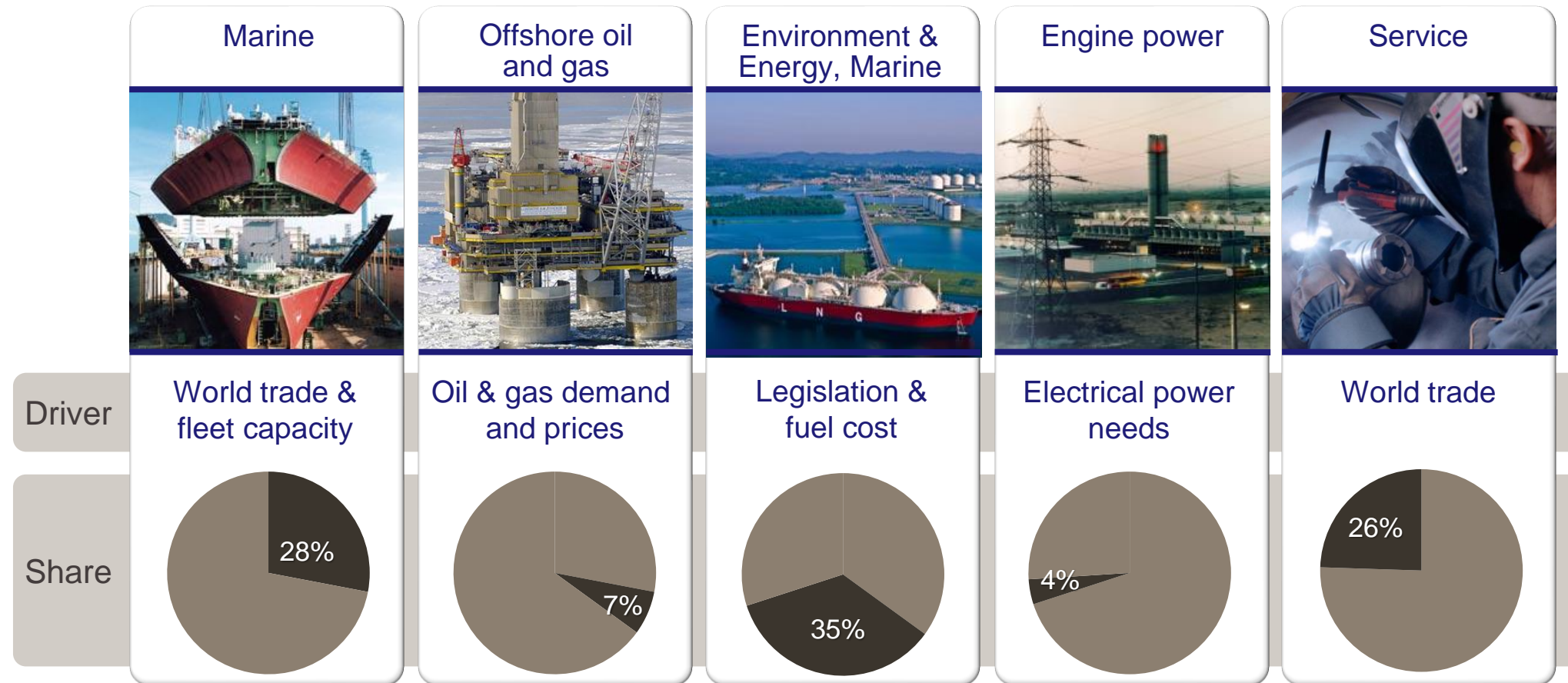
– Distribution of orders LTM, end of March



# Marine Division's industry split



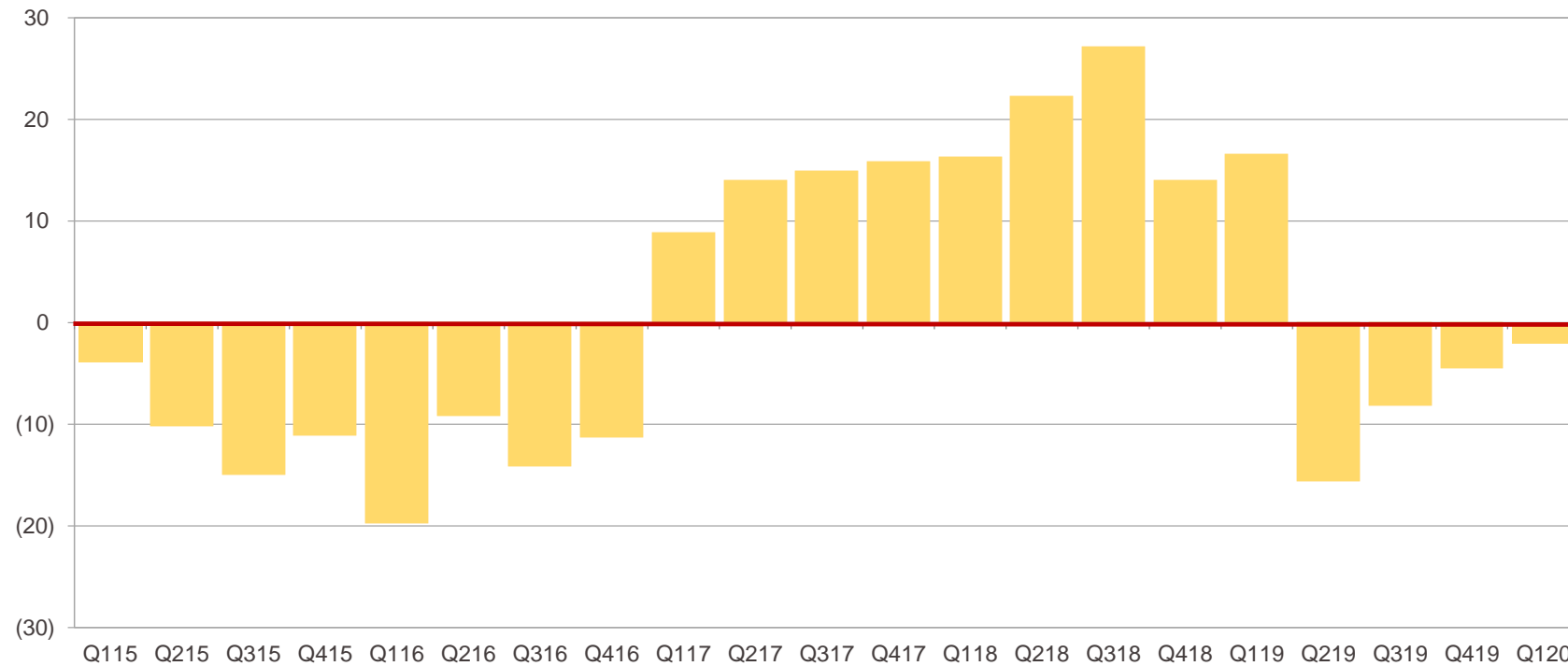
– Distribution of sales LTM end of March



# 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.

