



Q1 2023

## Highlights

- Order intake of SEK 18.4 billion, corresponding to 25 percent organic growth. High demand in Energy and Marine.
- Net sales of SEK 14.1 billion, corresponding to 15 percent organic growth. Sales growth continued as supply chain disruptions ease.
- Adjusted EBITA of SEK 2,387 million, corresponding to 31 percent growth and a margin of 16.9 percent.

## Outlook for the second quarter

“Market conditions are expected to remain positive, although demand is expected to be sequentially lower in the next quarter.”

Earlier published outlook (February 2, 2023):  
“We expect demand in the first quarter to be about the same as in the fourth quarter.”

The Board of Directors will propose a dividend of SEK 6.00 (6.00) per share to the Annual General Meeting.

The Q1 2023 report has not been subject to review by the company’s auditors.

## Summary

SEK millions	Q1			
	2023	2022	%	% *
Order intake	18,385	13,255	39	32
Net sales	14,111	10,615	33	25
Adjusted EBITA **	2,387	1,816	31	
- adjusted EBITA margin (%) **	16.9	17.1		
Result after financial items	2,048	1,260	63	
Net income for the period	1,515	932	63	
Earnings per share (SEK)	3.64	2.22	64	
Cash flow from operating activities	1,004	767	31	
Impact on adjusted EBITA of foreign exchange effects	145	40		
Impact on result after financial items of comparison distortion items	-	-327		
Return on capital employed (%) **	18.5	18.8		
Net debt to EBITDA, times **	1.32	0.79		

\* Excluding currency effects. \*\* Alternative performance measures.



Comment from

# Tom Erixon

President and CEO

"The demand was strong in the first quarter, with order intake growing to a record level of SEK 18.4 billion.

The Marine Division was especially strong with order intake amounting to SEK 7.2 billion, corresponding to 89 percent growth compared to last year. Order intake was exceptionally high for pumping systems, driven by high demand in offshore. The tanker market also continued the recovery from last quarter with a clearly positive effect for the cargo pumping segment. Structurally, the demand for the division's decarbonization solutions continued to develop well.

The Energy Division continued the strong growth path mainly driven by energy efficiency solutions. While the energy transition is structurally driving demand, supported by the ongoing capacity investment program, a recovery in the refinery sector increased demand also for welded heat exchangers. In all, the division grew 43 percent and reached SEK 5.4 billion in order intake in the quarter.

The Food & Water Division was stable compared to last year with an order intake of SEK 5.8 billion. The organic growth was negative, mainly due to variations in large order bookings between quarters. The demand trends across most end-markets were unchanged sequentially.

As global supply chains continue to stabilize, the invoicing increased with 33 percent to SEK 14.1 billion. The positive trend is expected to continue in the second quarter. Despite inflationary pressure, the adjusted EBITA margin was stable at 17 percent compared to last year and improved sequentially. The sales and admin cost ratio improved significantly in the quarter on the back of strong sales. The volatility in commodity prices and currencies continue to affect the margin, both negatively and positively. On a group level these effects are largely neutralized, but it does generate some margin variations on a divisional level, also in the next quarters.

Despite geopolitical tensions and an element of unrest in financial markets, the demand situation remains robust in almost all geographies. The weakness in many consumer sectors due to interest rate hikes are still not visible in Alfa Laval's end markets.

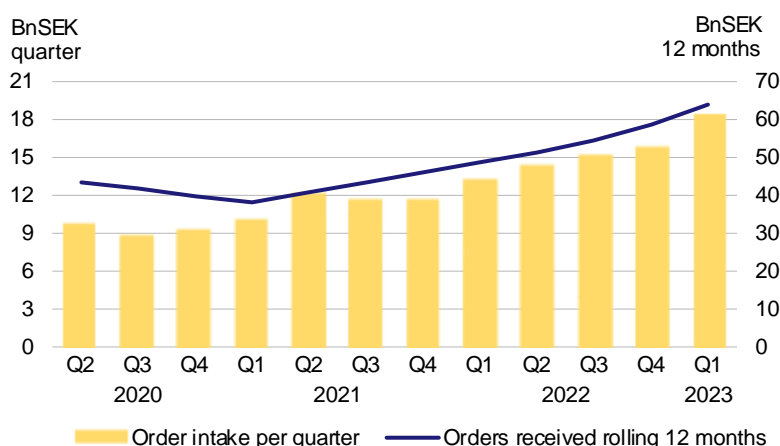
Alfa Laval expects to have largely completed the previously stated wind down of business activities in Russia by mid-2023. Alfa Laval has not accepted any new orders for delivery in Russia or for use in Russia since 3 March 2022.

The group will monitor the global macro-economic development, but market conditions are expected to remain positive, although demand is expected to be sequentially lower in the next quarter."

Tom Erixon,  
President and CEO

## Financial overview

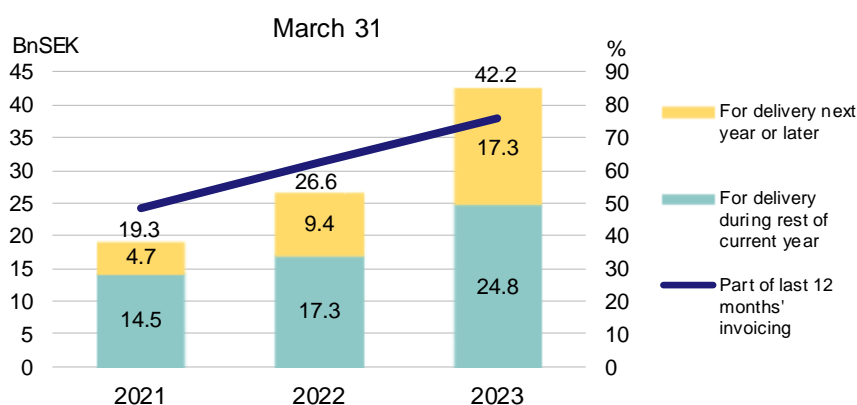
### Order intake



Orders received was SEK 18,385 (13,255) million in the first quarter 2023. A further SEK 148 (602) million of order backlog for Russia has been cancelled in the quarter in compliance with extended sanctions.

Orders received from Service constituted 27.3 (29.6) percent of the Group's total orders received during the first quarter 2023.

### Order backlog



Excluding currency effects and adjusted for acquisition and divestment of businesses the order backlog was 33.2 percent higher than the order backlog at March 31, 2022 and 11.5 percent higher than the order backlog at the end of 2022.

### Net sales

Net invoicing was SEK 14,111 (10,615) million for the first quarter 2023.

Net invoicing relating to Service constituted 31.4 (30.7) percent of the Group's total net invoicing in the first quarter 2023.

Order bridge	
SEK millions/%	Q1
2022	13,255
Organic <sup>1)</sup>	24.5%
Structural <sup>1)</sup>	7.5%
Currency	6.7%
Total	38.7%
2023	18,385

1) Change excluding currency effects.

Order bridge Service	
SEK millions/%	Q1
2022	3,928
Organic <sup>1)</sup>	18.5%
Structural <sup>1)</sup>	0.8%
Currency	8.4%
Total	27.7%
2023	5,018

1) Change excluding currency effects.

Sales bridge	
SEK millions/%	Q1
2022	10,615
Organic <sup>1)</sup>	14.9%
Structural <sup>1)</sup>	10.0%
Currency	8.0%
Total	32.9%
2023	14,111

1) Change excluding currency effects.

Sales bridge Service	
SEK millions/%	Q1
2022	3,268
Organic <sup>1)</sup>	25.6%
Structural <sup>1)</sup>	1.0%
Currency	9.0%
Total	35.6%
2023	4,433

1) Change excluding currency effects.

- Organic: change excluding acquisition/divestment of businesses.
- Structural: acquisition/divestment of businesses.
- Service: Parts and service.

## Income analysis

SEK millions	Q1		Jan-Dec	Last 12
	2023	2022	2022	months
Net sales	14,111	10,615	52,135	55,631
Adjusted gross profit *	5,106	4,146	18,589	19,549
<b>- adjusted gross margin (%) *</b>	<b>36.2</b>	<b>39.1</b>	<b>35.7</b>	<b>35.1</b>
Expenses **	-2,376	-1,972	-8,911	-9,315
- in % of net sales	16.8	18.6	17.1	16.7
<b>Adjusted EBITDA *</b>	<b>2,730</b>	<b>2,174</b>	<b>9,678</b>	<b>10,234</b>
- adjusted EBITDA margin (%) *	19.3	20.5	18.6	18.4
Depreciation	-343	-358	-1,449	-1,434
<b>Adjusted EBITA *</b>	<b>2,387</b>	<b>1,816</b>	<b>8,229</b>	<b>8,800</b>
<b>- adjusted EBITA margin (%) *</b>	<b>16.9</b>	<b>17.1</b>	<b>15.8</b>	<b>15.8</b>
Amortisation of step-up values	-241	-214	-943	-970
Comparison distortion items	-	-327	-767	-440
Operating income	2,146	1,275	6,519	7,390

\* Alternative performance measures. \*\* Excluding comparison distortion items.

Gross margins remain stable or have improved in most business units, boosted by new pricing and a favourable service mix in the quarter. Current purchasing prices reflecting inflationary increases have a negative impact on margin for orders with long lead times that are up for invoicing from backlog. Capacity utilization imbalances persist in some products but new order intake and restructuring activities will support margin improvements starting in the third quarter.

Sales and administration expenses were SEK 2,179 (1,801) million during the first quarter 2023, corresponding to 15.4 (17.0) percent of net sales. Excluding currency effects and acquisition/divestment of businesses, sales and administration expenses increased by 9.1 percent during the first quarter 2023 compared to the corresponding period last year.

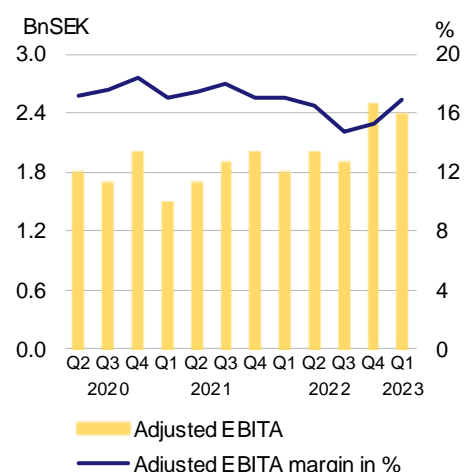
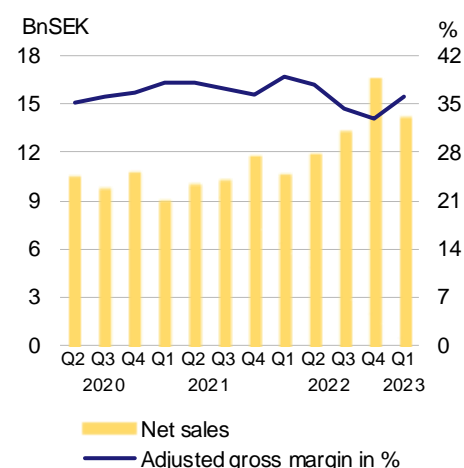
The costs for research and development during the first quarter 2023 corresponded to 2.5 (3.0) percent of net sales. Excluding currency effects and acquisition/divestment of businesses, the costs for research and development increased by 5.8 percent during the first quarter 2023 compared to the corresponding period last year.

Earnings per share was SEK 3.64 (2.22) for the first quarter 2023. The corresponding figure excluding amortisation of step-up values and the corresponding tax, was SEK 4.10 (2.64).

## Comparison distortion items

SEK millions	Q1		Jan-Dec	Last 12
	2023	2022	2022	months
<b>Other operating costs</b>				
Comparison distortion items:				
- Provision for financial consequences of Russia's war on Ukraine	-	-327	-400	-73
- Restructuring costs	-	-	-367	-367
<b>Net comparison distortion items</b>	<b>-</b>	<b>-327</b>	<b>-767</b>	<b>-440</b>

The comparison distortion items during the first quarter 2022 were relating to costs triggered by Russia's war on Ukraine.



## Consolidated financial net and taxes

The financial net for the first quarter 2023 was SEK -98 (-53) million, excluding realised and unrealised exchange rate losses and gains. The main elements of costs were interest on the debt to the banking syndicate of SEK -4 (-1) million, interest on the bilateral term loans of SEK -24 (-) million, interest on the corporate bonds of SEK -23 (-31) million, interest on the commercial paper programme of SEK -4 (-) and a net of dividends, changes in fair value and other interest income and interest costs of SEK -8 (-21) million. The net of realised and unrealised exchange rate differences was SEK -35 (38) million.

The tax on the result after financial items was SEK -533 (-328) million in the first quarter 2023.

## Cash flow

During the first quarter 2023 cash flows from operating and investing activities were SEK 479 (494) million. The figure for 2023 has been burdened with SEK -861 (-1 219) million for build-up of inventories due to the volume growth and to secure our ability to deliver.

Depreciation, excluding allocated step-up values, was SEK 343 (358) million during the first quarter 2023.

Acquisition of businesses during the first quarter 2023 amount to SEK -86 (-4) million. The figure for 2023 is relating to the acquisition of the remaining shares in Marine Performance Systems with SEK -24 million, the acquisition of additional shares in StormGeo's subsidiary Climatempo in Brazil with SEK -104 million and a reduction of the purchase price for Desmet with SEK 42 million. The figure for 2022 was relating to payment of withheld purchase price for the acquisition of Airec with SEK -4 million.

## Key figures

	Mar 31		Dec 31
	2023	2022	2022
Return on capital employed (%) <sup>1)</sup>	18.5	18.8	17.3
Return on equity (%) <sup>2)</sup>	15.0	14.7	13.5
Solidity (%) <sup>3)</sup>	44.0	46.3	43.9
Net debt to EBITDA, times <sup>1)</sup>	1.32	0.79	1.47
Debt ratio, times <sup>1)</sup>	0.36	0.19	0.37
Number of employees <sup>4)</sup>	20,448	18,265	20,300

1) Alternative performance measure.

2) Net income in relation to average equity, calculated on 12 months' revolving basis, expressed in percent.

3) Equity in relation to total assets at the end of the period, expressed in percent.

4) At the end of the period.



# Energy Division

The division targets customers in HVAC and refrigeration markets as well as process industries such as chemicals, petrochemical industry and the oil & gas industry.

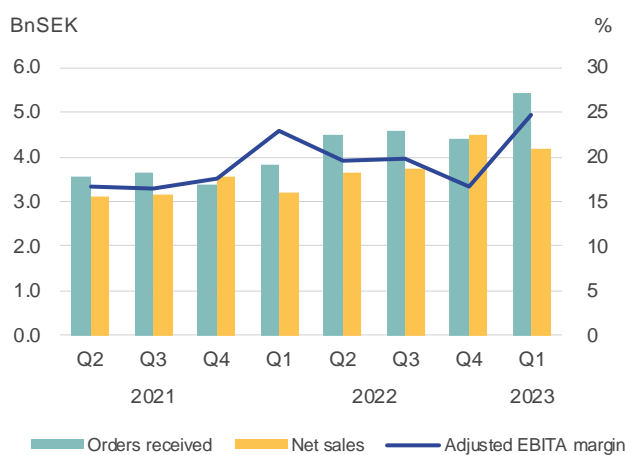
Focus is on increased energy efficiency, waste heat recovery and sustainable solutions.

- Order intake of SEK 5.4 billion, corresponding to 34 percent organic growth. Growth driven by increased demand for energy efficiency solutions.
- Net sales of SEK 4.2 billion, corresponding to 23 percent organic growth. Strong growth in service.
- Adjusted EBITA of SEK 1,037 million, corresponding to a margin of 24.7 percent. Margin improvement driven by volume, price and mix as well as effects from inventory revaluation.

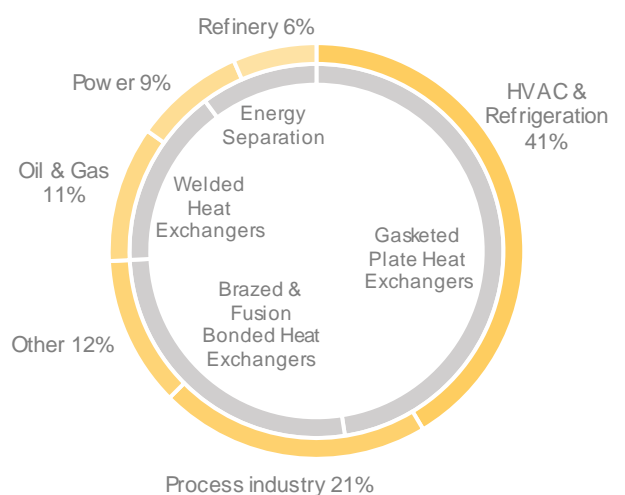
SEK millions	Q1 2023	Q1 2022	Jan-Dec 2022	Last 12 months
Orders received	5,437	3,808	17,294	18,923
Order backlog <sup>1)</sup>	10,149	6,669	8,517	10,149
Net sales	4,196	3,209	15,074	16,061
Operating income <sup>2)</sup>	1,020	697	2,761	3,084
Adjusted EBITA <sup>3)</sup>	1,037	738	2,927	3,226
Adjusted EBITA margin <sup>4)</sup>	24.7%	23.0%	19.4%	20.1%
Depreciation	80	77	352	355
Amortisation	17	41	166	142
Investments <sup>5)</sup>	207	117	535	625
Assets <sup>1)</sup>	18,852	14,491	17,330	18,852
Liabilities <sup>1)</sup>	7,670	6,095	6,574	7,670
Number of employees <sup>1)</sup>	5,466	5,241	5,457	5,466

1) At end of period. 2) Excluding comparison distortion items. 3) Alternative performance measure. 4) Adjusted EBITA/net sales. 5) Excluding new leases.

## Quarterly development



## Order intake Jan-Mar 2023 split per end market\*/business unit



\* "Process industry" consists of inorganic chemicals, metals, petrochemicals and pulp & paper and "other" consists mainly of manufacturing and mining.



### Order intake\*

The Energy Division reported good order growth in the first quarter compared to the same quarter last year. Demand remained strong for energy efficiency solutions across most end markets and order intake grew for solutions in the emerging clean energy and circularity areas. The service business developed in a positive way. Order intake was strong across all geographical markets. The biggest increases were seen in North America and Northeast Asia.

The largest end market, HVAC\*\* & refrigeration continued to grow compared to last year driven by high demand for heat pumps and investments in datacentre cooling. Supply chain concerns have led to a shift towards investments in semi-conductor manufacturing outside Asia, which has benefitted the sales of heat exchangers. During the quarter a large order concerning equipment to a major district heating project in China was received. Demand from customers in the process industries grew in the quarter. This was mainly driven by inorganic chemicals, with increased investments in both traditional manufacturing processes as well as in plants to generate green hydrogen. The order intake increased in the refinery sector, driven by investments in new equipment for both traditional refinery processes and for biofuel processing. Good growth was noted in power, mainly related to equipment and aftermarket sales to the nuclear sector. Demand in oil & gas continued to gradually improve, as customers invest in gas production.

Service grew well in the quarter. A positive development was seen across most industries and geographical markets.

### Net sales\*

Net sales grew in almost all end markets, despite some remaining capacity constraints and supply chain challenges. Service sales grew faster than capital sales.

### Adjusted EBITA

The increased net sales in the quarter had a positive volume effect. Despite increased raw material costs, the mix effect was positive due to price increases and a positive impact from revaluation of inventory. The overhead costs increased due to increased sales activities and inflationary pressure. Currency had a small positive impact.

\* Comments excluding currency effects.

\*\* Heating, Ventilation & Air Conditioning.

#### Order bridge

SEK millions/%	Q1
2022	3,808
Organic <sup>1)</sup>	34.5%
Structural <sup>1)</sup>	-
Currency	8.3%
Total	42.8%
2023	5,437

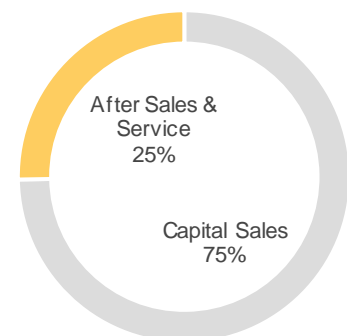
1) Change excluding currency effects.

#### Sales bridge

SEK millions/%	Q1
2022	3,209
Organic <sup>1)</sup>	22.6%
Structural <sup>1)</sup>	-
Currency	8.2%
Total	30.8%
2023	4,196

1) Change excluding currency effects.

#### Order intake Jan-Mar 2023 split on:



#### Income bridge

SEK millions	Q1
Adjusted EBITA 2022	738
Volume <sup>1)</sup>	309
Mix <sup>1)</sup>	39
Costs <sup>1)</sup>	-75
Currency	26
Adjusted EBITA 2023	1,037

1) Change excluding currency effects.



# Food & Water Division

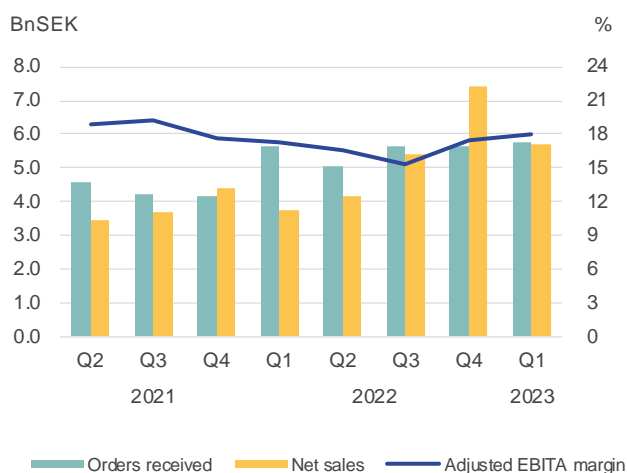
The division offers different types of products for heat transfer, separation and hygienic fluid handling and targets customers in food, pharmaceuticals, biotech, vegetable oils, brewery, dairy and body care products. In addition, the division focuses on public and industrial water treatment as well as wastewater and waste treatment.

- Order intake of SEK 5.8 billion, despite 20 percent organic decrease. The decrease is due to a record brewery order in the first quarter last year.
- Net sales of 5.7 billion, corresponding to 16 percent organic growth. Sales growth was supported by improving supply chains.
- Adjusted EBITA of SEK 1,027 million, corresponding to a margin of 17.9 percent. Margin improvement driven by volume.

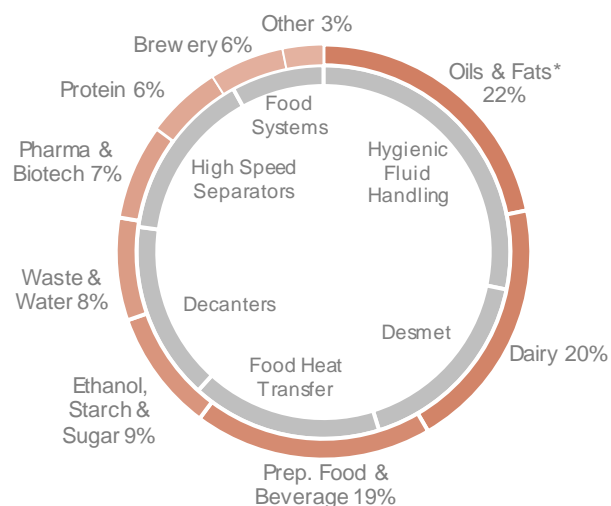
SEK millions	Q1		Jan-Dec	Last 12
	2023	2022	2022	months
Orders received	5,776	5,652	21,909	22,033
Order backlog <sup>1)</sup>	14,779	9,146	14,381	14,779
Net sales	5,722	3,742	20,691	22,671
Operating income <sup>2)</sup>	967	639	3,339	3,667
Adjusted EBITA <sup>3)</sup>	1,027	649	3,458	3,836
Adjusted EBITA margin <sup>4)</sup>	17.9%	17.3%	16.7%	16.9%
Depreciation	129	118	449	460
Amortisation	60	10	119	169
Investments <sup>5)</sup>	85	64	360	381
Assets <sup>1)</sup>	20,861	12,929	21,196	20,861
Liabilities <sup>1)</sup>	7,700	5,726	8,291	7,700
Number of employees <sup>1)</sup>	8,223	6,812	8,052	8,223

1) At end of period. 2) Excluding comparison distortion items. 3) Alternative performance measure. 4) Adjusted EBITA/net sales. 5) Excluding new leases.

## Quarterly development



## Order intake Jan-Mar 2023 split per end market/business unit



\* Edible oil has been renamed to Oils & Fats





### Order intake\*

Order intake was on about the same level as last year. Excluding Desmet, the order intake for the Food & Water Division was down compared to the very strong first quarter last year which was impacted by a record order in brewery. Demand was positive in Europe and adjusted for last year's record order, demand was stable in North America. Order intake decreased in Asia, mainly due to lower activity in China.

Order intake in oils & fats grew as a result of the positive contribution of recently acquired Desmet. Excluding Desmet, the order intake for HVO\*\* for biodiesel was down, mainly due to high comparative numbers from last year. Traditional oils and fats excluding Desmet declined, mainly driven by lower activity in Asia. The order intake for dairy decreased somewhat compared to last year. Investments in the industry are now catching up with the capacity demand that became evident after the pandemic. The pharma & biotech markets declined after several quarters of consecutive growth. Europe grew whereas order intake was down in North America and Asia. The industry is now normalizing to pre-COVID levels. In ethanol, starch & sugar, the order intake was unchanged for ethanol globally whereas it grew strongly for starch and sugar. Order intake for waste & water grew, driven by good demand in the important North American market and by a very strong development in Europe. Order intake in brewery was down as a result of last year's record order. Underlying demand however remains positive, driven by replacements and yield improving products and solutions.

Service showed double digit growth in almost all end-markets. Growth was strong for both the service portfolio and spare parts.

### Net sales\*

Net sales grew strongly in the quarter, supported by a further easing of the global supply chain situation. Service grew faster than capital sales. Industry wise, the strongest increase in sales was noted in brewery, followed by ethanol, starch & sugar and pharma & biotech. Geographically, growth rates in net sales were similar across all geographical regions.

### Adjusted EBITA

The strong net sales growth in the quarter significantly contributed to an increased adjusted EBITA. The mix effect benefitted from a higher service share but was burdened by the inclusion of the Desmet project business. Costs increased as a result of general inflationary pressure and the addition of Desmet, partly mitigated by a positive currency effect.

\* Comments excluding currency effects.

\*\* Hydrotreated Vegetable Oil.

#### Order bridge

SEK millions/%	Q1
2022	5,652
Organic <sup>1)</sup>	-20.5%
Structural <sup>1)</sup>	16.1%
Currency	6.6%
Total	2.2%
2023	5,776

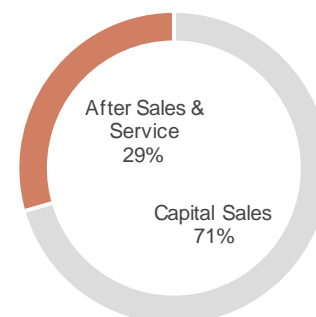
1) Change excluding currency effects.

#### Sales bridge

SEK millions/%	Q1
2022	3,742
Organic <sup>1)</sup>	16.4%
Structural <sup>1)</sup>	26.4%
Currency	10.1%
Total	52.9%
2023	5,722

1) Change excluding currency effects.

#### Order intake Jan-Mar 2023 split on:



#### Income bridge

SEK millions	Q1
Adjusted EBITA 2022	649
Volume <sup>1)</sup>	591
Mix <sup>1)</sup>	-80
Costs <sup>1)</sup>	-184
Currency	51
Adjusted EBITA 2023	1,027

1) Change excluding currency effects.

# Marine Division

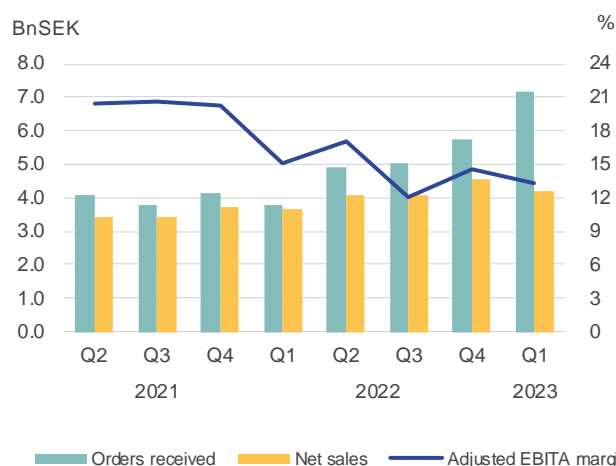
The division's customers include shipowners, shipyards, manufacturers of diesel and gas engines, as well as companies that work with offshore extraction of oil and gas. The offering includes pumping systems, boilers, heat transfer equipment, high speed separators digital solutions and several different environmental products, including systems to clean ballast water and exhaust gases.

- Record order intake of SEK 7.2 billion, corresponding to 82 percent organic growth. Very strong demand for pumping systems.
- Net sales of SEK 4.2 billion, corresponding to 7 percent organic growth. Broad based positive sales development.
- Adjusted EBITA of SEK 556 million, corresponding to a margin of 13.3 percent. Margin remained affected by negative product mix and low sales in Pumping Systems.

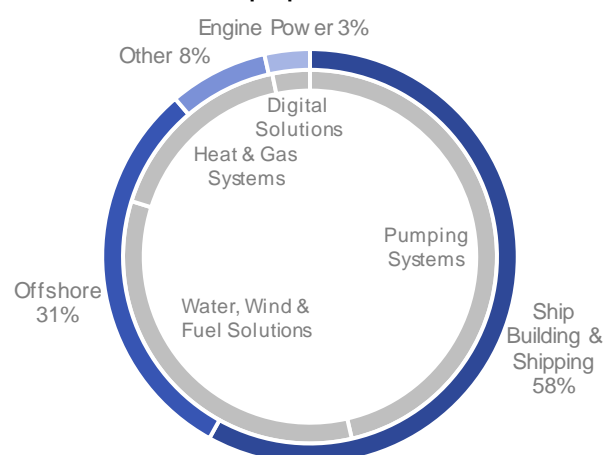
SEK millions	Q1		Jan-Dec 2022	Last 12 months
	2023	2022		
Orders received	7,172	3,795	19,442	22,819
Order backlog <sup>1)</sup>	17,247	10,829	14,122	17,247
Net sales	4,193	3,664	16,370	16,899
Operating income <sup>2)</sup>	393	390	1,741	1,744
Adjusted EBITA <sup>3)</sup>	556	553	2,399	2,402
Adjusted EBITA margin <sup>4)</sup>	13.3%	15.1%	14.7%	14.2%
Depreciation	69	73	312	308
Amortisation	163	163	658	658
Investments <sup>5)</sup>	42	43	235	234
Assets <sup>1)</sup>	30,344	29,942	30,932	30,344
Liabilities <sup>1)</sup>	7,608	6,346	7,241	7,608
Number of employees <sup>1)</sup>	5,410	5,038	5,465	5,410

1) At end of period. 2) Excluding comparison distortion items. 3) Alternative performance measure. 4) Adjusted EBITA/net sales. 5) Excluding new leases.

## Quarterly development



## Order intake Jan-Mar 2023 split per end market/business unit\*



\* Business Units Boilers and Gas Systems (within Environmental Products) have been merged into Heat & Gas Systems. The Business Unit Separation & Heat Transfer has been renamed to Water, Wind & Fuel Solutions and includes Ballast Water Treatment that previously was reported within Environmental Products.



### Order intake\*

Order intake for the Marine Division was significantly higher compared to the same quarter last year. Growth was driven by a stronger demand in most product areas and especially in pumping systems and in the service business.

The underlying market sentiment related to the building of new vessels was on a slightly lower level compared to the same period last year. New contracting has been driven primarily by tankers and vehicle carriers. The lower shipbuilding activity was compensated by a continued growing demand for sustainability related solutions which mitigate CO<sub>2</sub> emissions, including solutions around energy efficiency and low and zero carbon fuels. Demand for PureBallast has eased further as fewer vessels remain to be retrofitted before the approaching 2024 regulatory deadline and the market gets more oriented to new vessels. Order intake for pumping systems increased significantly compared to the same quarter last year. Growth was primarily driven by offshore. The underlying market sentiment in this area remained strong due to increased oil prices and new projects to safeguard long term energy supply. Demand also improved for marine cargo pumping systems.

Order intake for service improved compared to the same quarter last year. Growth was driven by higher activity level in shipping and a growing environmental installed base. High freight rates in most vessel segments and the need to keep vessel assets in good operational readiness resulted in increased on-board maintenance and higher demand for spare parts and service.

### Net sales\*

Net sales were at a higher level than the same quarter last year. Sales growth for service and for most product groups in capital sales, particularly within oil & gas, offset the lower sales for marine cargo pumping systems and PureBallast.

### Adjusted EBITA

Adjusted EBITA remained flat in the first quarter compared to last year. Although net sales grew, the mix was unfavourable due to a lower profitability level in the capital sales product mix, material cost increases, negative currency impact on hedging and a low factory load for Pumping Systems. The overhead cost decreased due to the restructuring activities in PureBallast and lower royalties to Wallenius due to the decline of the retrofit business.

\* Comments excluding currency effects.

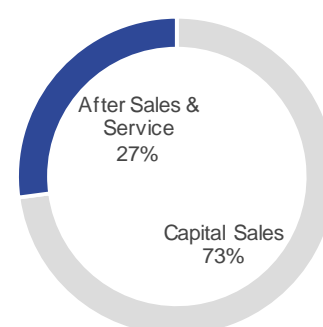
Order bridge	
SEK millions/%	Q1
2022	3,795
Organic <sup>1)</sup>	81.6%
Structural <sup>1)</sup>	2.2%
Currency	5.2%
Total	89.0%
2023	7,172

1) Change excluding currency effects.

Sales bridge	
SEK millions/%	Q1
2022	3,664
Organic <sup>1)</sup>	6.6%
Structural <sup>1)</sup>	2.0%
Currency	5.8%
Total	14.4%
2023	4,193

1) Change excluding currency effects.

### Order intake Jan-Mar 2023 split on:



Income bridge	
SEK millions	Q1
Adjusted EBITA 2022	553
Volume <sup>1)</sup>	123
Mix <sup>1)</sup>	-177
Costs <sup>1)</sup>	38
Currency	19
Adjusted EBITA 2023	556

1) Change excluding currency effects.

## Operations and Other

Operations and Other covers procurement and logistics as well as corporate overhead and non-core businesses.

SEK millions	Q1		Jan-Dec	Last 12
	2023	2022	2022	months
Orders received	0	0	0	0
Order backlog <sup>1)</sup>	0	0	0	0
Net sales	0	0	0	0
Operating income <sup>2)</sup>	-215	-122	-507	-600
Adjusted EBITA <sup>3)</sup>	-214	-122	-507	-599
Depreciation	65	90	336	311
Amortisation	1	0	0	1
Investments <sup>5)</sup>	106	50	723	779
Assets <sup>1)</sup>	2,084	1,477	1,983	2,084
Liabilities <sup>1)</sup>	1,067	823	1,097	1,067
Number of employees <sup>1)</sup>	1,349	1,174	1,326	1,349

1) At end of period. 2) Excluding comparison distortion items. 3) Alternative performance measure.

4) Adjusted EBITA/net sales. 5) Excluding new leases.

Adjusted EBITA decreased in the first quarter 2023 compared to the corresponding quarter last year reflecting a higher activity level in turn driven by the high sales and order level.

## Reconciliation between Divisions and Group total

SEK millions	Q1		Jan-Dec	Last 12
	2023	2022	2022	months
<b>Adjusted EBITA</b>				
Total for divisions	2,406	1,818	8,277	8,865
Amortisation	-241	-214	-943	-970
Comparison distortion items	-	-327	-767	-440
Consolidation adjustments *	-19	-2	-48	-65
Total operating income	2,146	1,275	6,519	7,390
Financial net	-98	-15	-340	-423
Result after financial items	2,048	1,260	6,179	6,967
<b>Assets **</b>				
Total for divisions	72,141	58,839	71,441	72,141
Corporate ***	8,970	15,035	9,808	8,970
Group total	81,111	73,874	81,249	81,111
<b>Liabilities **</b>				
Total for divisions	24,045	18,990	23,203	24,045
Corporate ***	21,401	20,684	22,342	21,401
Group total	45,446	39,674	45,545	45,446

\* Difference between management accounts and IFRS. \*\* At the end of the period. \*\*\* Corporate refers to items in the statement on financial position that are interest bearing or are related to taxes.

## Large orders (>EUR 5 million) in the first quarter

Division Business Unit	Delivery date	Order amount	Total per Business Unit	
			Q1 2023	Q1 2022
Scope of supply			SEK millions	
<b>Energy</b>				
Welded Heat Exchangers				
Air coolers for a gas plant in the US.	2023	70	70	-
Gasketed Plate Heat Exchangers				
Heat exchangers for a hydrogen plant in the Middle East.	2023	63		
Heat exchangers for district heating in China.	2023	119	182	-
<b>Food &amp; Water</b>				
Food Systems				
Desmet			-	778
Equipment for soy bean extraction in the US.	2024	208		
Equipment for sunflower oil refinery in Kazakhstan.	2024	58	266	-
<b>Marine</b>				
Pumping Systems				
Firewater pumps for FPSO* vessels in South America.	2024	820		
Seawater lift pumps for FPSO* vessel in Australia.	2023	135		
Firewater pumps for oil platform in Norway.	2024	161		
Water injection and firewater pumps for oil platform in Norway.	2024	218		
Cargo oil pumps for FPSO* vessels in South America.	2024	393	1,727	267
<b>Total</b>			<b>2,245</b>	<b>1,045</b>

\* Floating Production, Storage and Offloading.

## Information about products and services

### Net sales by product/service \*

SEK millions	Q1 2023	Q1 2022	Jan-Dec 2022	Last 12 months
Own products within:				
Separation	2,224	1,672	8,613	9,165
Heat transfer	5,582	4,290	20,149	21,441
Fluid handling	2,885	2,603	11,275	11,557
Marine environmental	928	945	3,995	3,978
Other	0	0	0	0
Associated products	1,559	384	4,567	5,742
Services	933	721	3,536	3,748
<b>Total</b>	<b>14,111</b>	<b>10,615</b>	<b>52,135</b>	<b>55,631</b>

\* The split of own products within separation, heat transfer and fluid handling is a reflection of the current three main technologies. Marine environmental is a growing new product area basically outside the main technologies. Other is own products outside these four product areas. Associated products are mainly purchased products that compliment Alfa Laval's product offering. Services cover all sorts of service and service agreements excluding spare parts.

### New products during the first quarter

During the first quarter Alfa Laval has introduced among others the following new products:

#### Alfa Laval Cooling Pod

Alfa Laval Cooling Pod is a plug-and-play cooling solution for edge data centres. Alfa Laval is launching the Cooling Pod to meet the demand for more flexible and sustainable cooling solutions for edge computing data centres. The new solution consists of a 20-foot container with all the components needed to deliver cooling for direct-to-chip and immersion cooling applications. The Cooling Pod comes in 500 kW and 1 MW versions for single or dual loop as well as for direct-to-chip or immersion cooling. This allows customer to mix and match any combination of modules to meet their unique cooling needs.



### Alfa Laval ThinkTop V20

Alfa Laval ThinkTop V20 is the next generation of Industry 4.0-ready hygienic valve indication units. It raises the bar on process control, making it more reliable and accurate while saving time and money on installation, commissioning, operation and maintenance. The ThinkTop V20 is the first pure valve-sensing unit that is maintenance-free, does not require manual adjustment or programming, and provides 40% faster setup than conventional valve indication units. In addition to 360° LED visual status indication from all directions, it provides convenient control-room monitoring of the real-time status and historical data of Alfa Laval hygienic valves used across the dairy, food, beverage, home and personal care, biotechnology, pharmaceutical, and many other industries.



### AlfaNova GL50

The new AlfaNova GL50 is the first Alfa Laval heat exchanger developed for fuel cell system requirements. The GL50 is an asymmetric gas-to-liquid plate heat exchanger made from 100% stainless steel and features our patented AlfaFusion technology. It can handle gas flows of 250 cubic meters per hour, as well as inlet gas temperatures up to 750°C, with exceptional performance. The GL50 is compact, space-saving and robust and with very low pressure drop. Its ability to condense water vapour makes it ideal for use in systems where fuels such as ammonia, methanol or methane require reforming.



### PureBilge Compact

The compact, easy-to-install and cost-efficient centrifugal separation solution for cleaning oily water will help both small and large vessels to meet compliance and sustainability targets. PureBilge Compact is designed for 24/7 unmanned operation, regardless of variations in feed, oil shocks and rough weather conditions, just like PureBilge. The lack of requirement for chemicals, adsorption filters or membranes eliminates the filter replacement cost and lowers maintenance costs. Its continuous, single-stage operation requires less holding tank volume and provides more payload capacity. Its capacity flow of 600 l/h as compared to 2500 l/h to 5000 l/h for PureBilge, makes it significantly smaller and easy to install or retrofit. With its integrated oil content monitor, PureBilge Compact cleans bilge water effectively by removing oil pollution below the 15 ppm IMO requirements and has the potential to reduce oil content even further, reaching below 5 ppm.

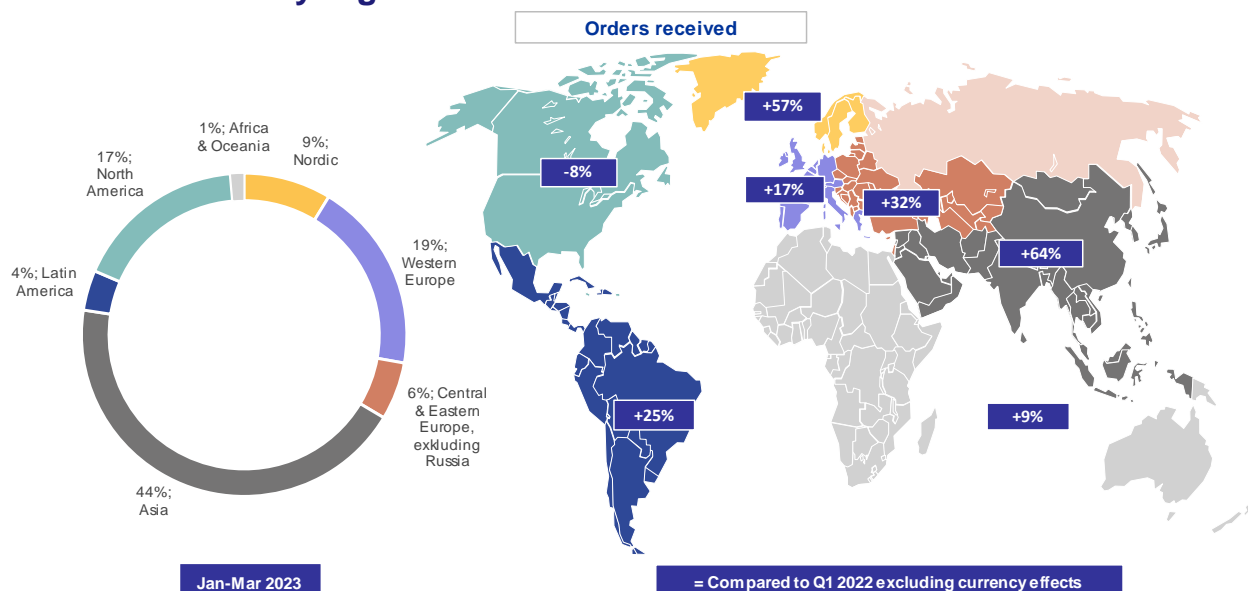


### Marine industry's first biofuel-ready separators

Biofuels are a current and accessible fuel option that can help marine customers decarbonize. Yet while biofuels reduce CO2 footprint, they also pose new operational challenges. Alfa Laval is first in the market to address them with biofuel-optimized separators and separator upgrades. To ensure optimal biofuel separation, Alfa Laval has modified both internal bowl components and the separator software. This makes setting up for HVO, FAME blends or conventional fuels a simple parameter change. Incorporated into new Alfa Laval separators for purchase, the developments are also available as upgrades for existing separators.



## Information by region



### Western Europe including Nordic

The region reported strong growth in order intake compared to the same quarter last year. Energy grew driven by HVAC and refinery. Food & Water grew driven by prepared food & beverage and waste & water. Marine grew mainly in offshore. Service reported double-digit growth in all divisions.

### Central and Eastern Europe

The order intake in the region increased strongly compared to the same quarter last year and the effects of the war in Russia and Ukraine has slowly petered out. Energy had a strong demand in HVAC. Food & Water reported a solid growth in oils & fats and prepared food & beverage. Marine noted a weaker demand in shipbuilding & shipping. Excluding Russia and Ukraine, service reported double-digit growth in all divisions.

### North America

The region reported a decreased order intake compared to the same quarter last year, mainly due to a non-repeat order in Food & Water. Energy noted a double-digit growth driven by refinery and HVAC & refrigeration. Marine experienced growth driven by shipbuilding & shipping. Service grew in all three divisions.

### Latin America

The order intake in the region grew compared to the same quarter last year. Energy reported strong demand in oil & gas and process industry. Food & Water reported a strong underlying demand in oils & fats and prepared food & beverage. Marine grew mainly in industrial boilers. Service reported growth in Energy and Food & Water.

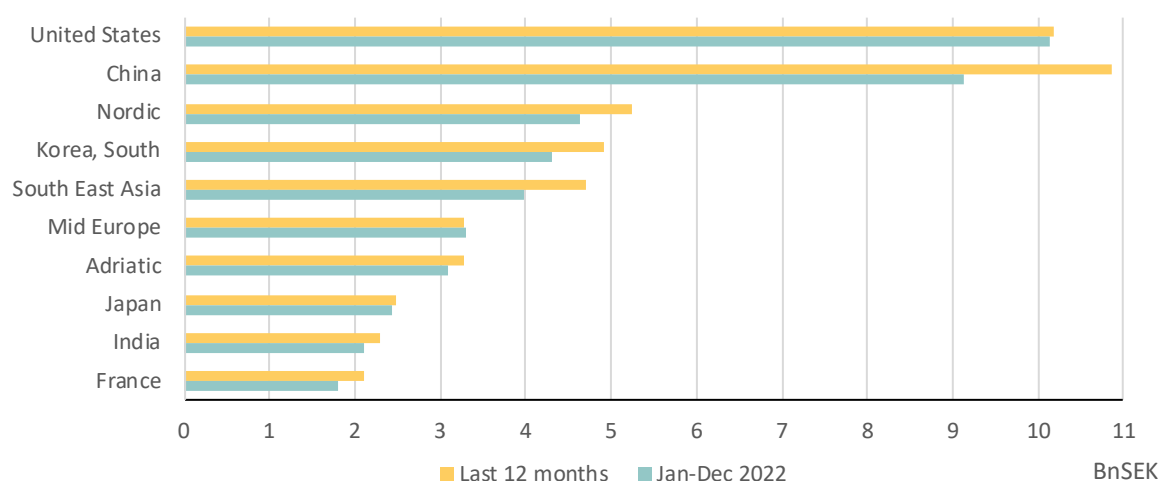
### Asia

The region reported strong double-digit growth in order intake compared to last year. Energy reported a strong demand in HVAC & refrigeration and process industry. Food & Water noted a strong underlying demand in oils & fats and brewery. Marine reported a strong growth in shipbuilding & shipping. Service reported growth in all three divisions.

### Africa and Oceania

The order intake in the region increased compared to the same quarter last year. Energy reported strong underlying demand for mining and HVAC & refrigeration. Food & Water had a double-digit growth in oils & fats and dairy. Marine reported a solid growth in offshore and shipbuilding & shipping. Service reported growth in Food & Water and Marine.

## Order intake for the 10 largest markets



## Net sales

SEK millions	Q1		Jan-Dec	Last 12
	2023	2022	2022	months
To customers in:				
Sweden	344	268	1,206	1,282
Other EU	3,549	2,646	12,889	13,792
Other Europe	1,219	1,181	4,812	4,850
USA	2,536	1,706	8,784	9,614
Other North America	262	271	1,081	1,072
Latin America	766	490	2,388	2,664
Africa	300	104	778	974
China	1,662	1,353	7,153	7,462
South Korea	798	874	3,801	3,725
Other Asia	2,489	1,578	8,559	9,470
Oceania	186	144	684	726
<b>Total</b>	<b>14,111</b>	<b>10,615</b>	<b>52,135</b>	<b>55,631</b>

Net sales are reported by country on the basis of invoicing address, which is normally the same as the delivery address.

## Non-current assets

SEK millions	Mar 31		Dec 31
	2023	2022	2022
Sweden	2,934	2,318	2,942
Denmark	5,387	4,853	5,348
Other EU	8,962	3,970	8,829
Norway	14,323	16,153	15,393
Other Europe	410	372	416
USA	4,079	3,741	4,236
Other North America	154	140	158
Latin America	338	329	379
Africa	8	8	9
Asia	4,415	3,844	4,394
Oceania	117	117	118
<b>Subtotal</b>	<b>41,127</b>	<b>35,845</b>	<b>42,222</b>
Other long-term securities	460	411	475
Pension assets	230	99	201
Deferred tax asset	1,311	1,756	1,895
<b>Total</b>	<b>43,128</b>	<b>38,111</b>	<b>44,793</b>

## Information about major customers

Alfa Laval does not have any customer that accounts for 10 percent or more of net sales. Tetra Pak within the Tetra Laval Group is Alfa Laval's single largest customer with a volume representing approximately 5 percent of net sales.



## Consolidated cash flows

SEK millions	Q1		Jan-Dec	Last 12
	2023	2022	2022	months
<b>Operating activities</b>				
Operating income	2,146	1,275	6,519	7,390
Adjustment for depreciation, amortisation and write down	584	572	2,392	2,404
Adjustment for other non-cash items	22	338	105	-211
	2,752	2,185	9,016	9,583
Taxes paid	-436	-481	-1,834	-1,789
	2,316	1,704	7,182	7,794
Changes in working capital:				
Increase(-)/decrease(+) of receivables	-962	-647	-2,155	-2,470
Increase(-)/decrease(+) of inventories	-861	-1,219	-3,140	-2,782
Increase(+)/decrease(-) of liabilities	546	715	2,058	1,889
Increase(+)/decrease(-) of provisions	-35	214	-654	-903
<b>Increase(-)/decrease(+) in working capital</b>	<b>-1,312</b>	<b>-937</b>	<b>-3,891</b>	<b>-4,266</b>
	1,004	767	3,291	3,528
<b>Investing activities</b>				
Investments in fixed assets (Capex)	-440	-274	-1,853	-2,019
Divestment of fixed assets	1	5	20	16
Acquisition of businesses	-86	-4	-3,685	-3,767
	-525	-273	-5,518	-5,770
<b>Financing activities</b>				
Received interests and dividends	27	12	99	114
Paid interests	-152	-36	-290	-406
Realised financial exchange gains	21	11	68	78
Realised financial exchange losses	-86	-57	-147	-176
Repurchase of shares	-	-539	-661	-122
Dividends to owners of the parent	-	-	-2,480	-2,480
Dividends to non-controlling interests	-	-	-12	-12
Increase(-) of financial assets	-19	-3,655	-457	3,179
Decrease(+) of financial assets	17	1,006	1,002	13
Increase of loans	406	6,408	12,546	6,544
Amortisation of loans	-900	-	-6,575	-7,475
	-686	3,150	3,093	-743
<b>Cash flow for the period</b>	<b>-207</b>	<b>3,644</b>	<b>866</b>	<b>-2,985</b>
Cash and cash equivalents at the beginning of the period	4,352	3,356	3,356	7,042
Translation difference in cash and cash equivalents	-5	42	130	83
<b>Cash and cash equivalents at the end of the period</b>	<b>4,140</b>	<b>7,042</b>	<b>4,352</b>	<b>4,140</b>
Free cash flow per share (SEK) *	1.37	1.20	3.52	3.69
Capex in relation to net sales	3.1%	2.6%	3.6%	3.6%
Average number of shares**	413,326,315	414,542,550	413,637,227	413,337,364

\* Free cash flow is an alternative performance measure. It is the sum of cash flows from operating activities, investments and divestments of fixed assets.

\*\* Average number of shares has been impacted by repurchase of shares.

## Consolidated comprehensive income

SEK millions	Q1		Jan-Dec	Last 12
	2023	2022	2022	months
Net sales	14,111	10,615	52,135	55,631
Cost of goods sold	-9,246	-6,683	-34,489	-37,052
Gross profit	4,865	3,932	17,646	18,579
Sales costs	-1,505	-1,222	-5,634	-5,917
Administration costs	-674	-579	-2,305	-2,400
Research and development costs	-359	-318	-1,356	-1,397
Other operating income	222	183	772	811
Other operating costs	-416	-737	-2,652	-2,331
Share of result in joint ventures	13	16	48	45
Operating income	2,146	1,275	6,519	7,390
Dividends and other financial income and costs	1	1	5	5
Interest income and financial exchange rate gains	113	110	267	270
Interest expense and financial exchange rate losses	-212	-126	-612	-698
Result after financial items	2,048	1,260	6,179	6,967
Taxes	-533	-328	-1,610	-1,815
<b>Net income for the period</b>	<b>1,515</b>	<b>932</b>	<b>4,569</b>	<b>5,152</b>
Other comprehensive income:				
Items that will subsequently be reclassified to net income				
Cash flow hedges	-519	571	-346	-1,436
Translation difference	-1,087	1,013	1,872	-228
Deferred tax on other comprehensive income	157	-123	211	491
Sum	-1,449	1,461	1,737	-1,173
Items that will subsequently not be reclassified to net income				
Revaluations of defined benefit obligations	24	60	329	293
Market valuation of external shares	0	-14	-13	1
Deferred tax on other comprehensive income	-7	-43	-109	-73
Sum	17	3	207	221
<b>Comprehensive income for the period</b>	<b>83</b>	<b>2,396</b>	<b>6,513</b>	<b>4,200</b>
<b>Net income attributable to:</b>				
Owners of the parent	1,504	920	4,503	5,087
Non-controlling interests	11	12	66	65
Earnings per share (SEK)	3.64	2.22	10.89	12.31
Average number of shares*	413,326,315	414,542,550	413,637,227	413,337,364
<b>Comprehensive income attributable to:</b>				
Owners of the parent	68	2,373	6,427	4,122
Non-controlling interests	15	23	86	78

\* Average number of shares has been impacted by repurchase of shares.

## Consolidated financial position

SEK millions	Mar 31		Dec 31
	2023	2022	2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	30,661	26,574	31,417
Property, plant and equipment	10,432	9,184	10,710
Other non-current assets	2,035	2,353	2,666
	43,128	38,111	44,793
<b>Current assets</b>			
Inventories	15,037	11,565	14,775
Assets held for sale	100	25	100
Accounts receivable	9,764	7,184	9,717
Other receivables	8,610	5,431	6,596
Derivative assets	13	1,035	605
Other current deposits	319	3,481	311
Cash and cash equivalents *	4,140	7,042	4,352
	37,983	35,763	36,456
<b>TOTAL ASSETS</b>	<b>81,111</b>	<b>73,874</b>	<b>81,249</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Owners of the parent	35,355	33,930	35,382
Non-controlling interests	310	270	322
	35,665	34,200	35,704
<b>Non-current liabilities</b>			
Liabilities to credit institutions etc.	13,529	9,273	13,362
Lease liabilities	1,776	1,525	1,549
Provisions for pensions and similar commitments	1,150	1,737	1,192
Provision for deferred tax	1,694	1,691	2,293
Other non-current liabilities	581	462	590
	18,730	14,688	18,986
<b>Current liabilities</b>			
Liabilities to credit institutions etc.	1,232	5,290	1,700
Accounts payable	5,079	3,532	5,314
Advances from customers	6,901	5,485	6,634
Other provisions	2,153	2,150	2,164
Other liabilities	10,695	8,276	10,054
Derivative liabilities	656	253	693
	26,716	24,986	26,559
Total liabilities	45,446	39,674	45,545
<b>TOTAL SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>	<b>81,111</b>	<b>73,874</b>	<b>81,249</b>

\* The item cash and cash equivalents is mainly relating to bank deposits and liquid deposits.

## Financial assets and liabilities at fair value

SEK millions	Valuation hierarchy level	Mar 31		Dec 31
		2023	2022	2022
<b>Financial assets</b>				
Other non-current securities	1 and 2	241	230	270
Bonds and other securities	1	115	171	114
Derivative assets	2	47	1,121	700
<b>Financial liabilities</b>				
Derivative liabilities	2	765	288	833

Valuation hierarchy level 1 is according to quoted prices in active markets for identical assets and liabilities.  
Valuation hierarchy level 2 is out of directly or indirectly observable market data outside level 1.

## Borrowings and net debt

SEK millions	Mar 31		Dec 31
	2023	2022	2022
Credit institutions	846	154	829
Swedish Export Credit	2,256	-	2,227
Handelsbanken	1,129	-	1,114
Commercial papers	397	-	892
Corporate bonds	10,133	14,409	10,000
Borrowings	14,761	14,563	15,062
Cash and cash equivalents and current deposits	-4,459	-10,523	-4,663
Net debt excluding lease liabilities*	10,302	4,040	10,399
Lease liabilities	2,583	2,417	2,671
Net debt including lease liabilities*	12,885	6,457	13,070

\* Alternative performance measure.

Alfa Laval has a revolving credit facility of EUR 700 million corresponding to SEK 7,908 million on March 31, 2023 with a banking syndicate. The facility has a maturity of five years from April 2023 and includes a possibility to increase it by EUR 200 million. At March 31, 2023 SEK 500 million of the facility was utilised.

Alfa Laval has two loans of EUR 100 million from Svensk Exportkredit that matures in 2027 and 2028 respectively and one loan of EUR 100 million from Svenska Handelsbanken that matures in 2024, with a possibility to extend it for another year.

The commercial paper programme of SEK 4,000 million, was utilised with SEK 400 million at March 31, 2023.

On March 31, 2023, Alfa Laval has three tranches of corporate bonds listed on the Irish stock exchange, each of EUR 300 million that matures in June 2024, in February 2026 and in February 2029 respectively.

## Changes in consolidated equity

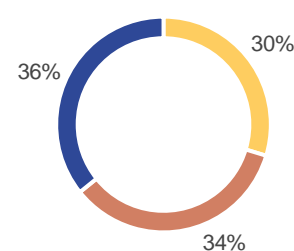
SEK millions	Jan-Mar		Jan-Dec
	2023	2022	2022
<b>At the beginning of the period</b>	35,704	32,344	32,344
<b>Changes attributable to:</b>			
<b>Owners of the parent</b>			
<b>Comprehensive income</b>			
Comprehensive income for the period	68	2,373	6,427
<b>Transactions with shareholders</b>			
Repurchase of shares	-	-539	-661
Cancellation of repurchased shares	-	-	-15
Bonus issue of shares	-	-	15
Increase of ownership in subsidiaries with non-controlling interests	-95	-	-
Dividends	-	-	-2,480
	-95	-539	-3,141
<b>Subtotal</b>	-27	1,834	3,286
<b>Non-controlling interests</b>			
<b>Comprehensive income</b>			
Comprehensive income for the period	15	23	86
<b>Transactions with shareholders</b>			
Decrease of non-controlling interests	-27	-	-
Non-controlling interests in acquired companies	-	-1	0
Dividends	-	-	-12
	-27	-1	-12
<b>Subtotal</b>	-12	22	74
<b>At the end of the period</b>	35,665	34,200	35,704

## Condensed segment reporting per quarter



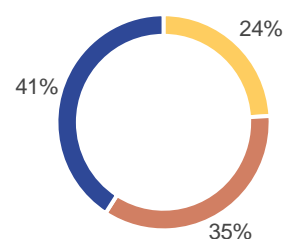
Orders received	2023	2022				2021		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
SEK millions								
Energy	5,437	4,407	4,583	4,496	3,808	3,362	3,659	3,553
Food & Water	5,776	5,613	5,611	5,033	5,652	4,139	4,241	4,554
Marine	7,172	5,747	5,008	4,892	3,795	4,150	3,780	4,076
Operations & Other	0	0	0	0	0	0	0	0
Total	18,385	15,767	15,202	14,421	13,255	11,651	11,680	12,183

### Last 12 months



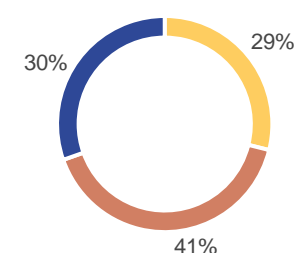
Order backlog	2023	2022				2021		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
SEK millions								
Energy	10,149	8,517	8,582	7,625	6,669	5,791	5,969	5,436
Food & Water	14,779	14,381	16,158	10,169	9,146	6,823	7,044	6,458
Marine	17,247	14,122	12,870	11,712	10,829	10,340	9,927	9,586
Operations & Other	0	0	0	0	0	0	0	0
Total	42,175	37,020	37,610	29,506	26,644	22,954	22,940	21,480

### March 31, 2023



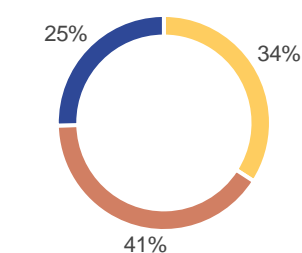
Net sales	2023	2022				2021		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
SEK millions								
Energy	4,196	4,500	3,726	3,639	3,209	3,556	3,146	3,123
Food & Water	5,722	7,407	5,402	4,140	3,742	4,388	3,678	3,458
Marine	4,193	4,577	4,056	4,073	3,664	3,748	3,451	3,394
Operations & Other	0	0	0	0	0	0	0	0
Total	14,111	16,484	13,184	11,852	10,615	11,692	10,275	9,975

### Last 12 months



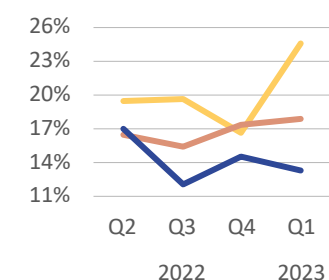
Adjusted EBITA*	2023	2022				2021		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
SEK millions								
Energy	1,037	746	735	708	738	621	517	518
Food & Water	1,027	1,292	833	684	649	775	708	653
Marine	556	664	490	692	553	757	710	697
Operations & Other	-214	-151	-113	-121	-122	-141	-99	-121
Total	2,406	2,551	1,945	1,963	1,818	2,012	1,836	1,747

### Last 12 months



Adjusted EBITA margin*	2023	2022				2021		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
%								
Energy	24.7	16.6	19.7	19.5	23.0	17.5	16.4	16.6
Food & Water	17.9	17.4	15.4	16.5	17.3	17.7	19.2	18.9
Marine	13.3	14.5	12.1	17.0	15.1	20.2	20.6	20.5
Total	17.1	15.5	14.8	16.6	17.1	17.2	17.9	17.5

### Per quarter



\* In management accounts, see reconciliation on page 12.

## Parent company

The parent company's result after financial items for the first quarter 2023 was SEK 39 (-2) million, out of which net interests SEK 40 (-0) million, realised and unrealised exchange rate gains and losses SEK -0 (1) million, costs related to the listing SEK -4 (-4) million, fees to the Board SEK -2 (-2) million, cost for annual report and annual general meeting SEK -0 (-0) million and other operating income and operating costs the remaining SEK 5 (3) million.

### Parent company income \*

SEK millions	Q1		Jan-Dec
	2023	2022	2022
Administration costs	-6	-6	-14
Other operating income	5	3	2
Other operating costs	0	0	-1
<b>Operating income</b>	<b>-1</b>	<b>-3</b>	<b>-13</b>
Revenues from interests in group companies	-	-	62
Interest income and similar result items	40	1	46
Interest expenses and similar result items	0	0	0
<b>Result after financial items</b>	<b>39</b>	<b>-2</b>	<b>95</b>
Change of tax allocation reserve	-	-	578
Group contributions	-	-	509
<b>Result before tax</b>	<b>39</b>	<b>-2</b>	<b>1,182</b>
Tax on this year's result	-8	0	-241
<b>Net income for the period</b>	<b>31</b>	<b>-2</b>	<b>941</b>

\* The statement over parent company income also constitutes its statement over comprehensive income.

### Parent company financial position

SEK millions	Mar 31		Dec 31
	2023	2022	2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Shares in group companies	4,669	4,669	4,669
<b>Current assets</b>			
Receivables on group companies	6,330	8,543	6,402
Other receivables	238	184	141
Cash and cash equivalents	0	42	0
	6,568	8,769	6,543
<b>TOTAL ASSETS</b>	<b>11,237</b>	<b>13,438</b>	<b>11,212</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Restricted equity	2,387	2,387	2,387
Unrestricted equity	6,538	8,167	6,507
	8,925	10,554	8,894
<b>Untaxed reserves</b>			
Tax allocation reserves, taxation 2017-2023	2,293	2,871	2,293
<b>Current liabilities</b>			
Liabilities to group companies	19	13	22
Accounts payable	0	0	1
Other liabilities	-	-	2
	19	13	25
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>11,237</b>	<b>13,438</b>	<b>11,212</b>

## Owners and shares

### Owners and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 54,641 (46,275) shareholders on March 31, 2023. The largest owner is Winder Holding AG, Switzerland (formerly Tetra Laval International SA, Switzerland), who owns 29.5 (29.1) percent. The increase compared to last year is due to the cancellation of repurchased shares that was made on May 16, 2022. Next to the largest owner, there are nine institutional investors with ownership in the range of 7.2 to 1.5 percent. These ten largest shareholders owned 62.5 (61.8) percent of the shares.

### Proposed disposition of earnings

The Board of Directors propose a dividend of SEK 6.00 (6.00) per share corresponding to SEK 2,480 (2,480) million to the Annual General Meeting and that the remaining income available for distribution in Alfa Laval AB (publ) of SEK 4,027 (6,227) million be carried forward.

The Board of Directors are of the opinion that the proposed dividend is consistent with the requirements that the type and size of operations, the associated risks, the capital needs, liquidity and financial position put on the company.

### Repurchase of shares

The Annual General Meeting 2021 mandated the Board to decide on repurchase of up to 5 percent of the issued shares with the purpose to cancel the repurchased shares and reduce the share capital. Under the mandate 6,130,000 shares were repurchased at a cost of SEK 2,000 million.

On March 18, 2022 when the notice to the Annual General Meeting was sent the number of repurchased shares was 5,579,492. The Annual General Meeting 2022 decided to cancel these repurchased shares. This meant that the number of shares has developed as follows:

#### Specification of number of shares

	Number
Number of shares at January 1, 2022	419,456,315
Cancellation of re-purchased shares at May 16, 2022	<u>-5,579,492</u>
Number of shares at December 31, 2022	<u>413,876,823</u>

This means that 550,508 shares repurchased in the period March 21, 2022 to April 25, 2022 under the old mandate are left to be cancelled by the Annual General Meeting 2023.

### Share buy-back program

The Annual General Meeting 2022 mandated the Board to decide on repurchase of up to 5 percent of the issued shares with the purpose to cancel the repurchased shares and reduce the share capital at the Annual General Meeting 2023. The reduction of the share capital will be met by a corresponding bonus issue without issuing any new shares so that the size of the share capital is restored. No shares have been repurchased under this new mandate.

### Proposal to cancel repurchased shares and make a bonus issue

The Board will propose to the Annual General Meeting 2023 to cancel the repurchased shares. At March 31, 2023, 550,508 shares are held by the company. Cancellation of these shares means that the share capital will decrease with SEK 1 million. At the same time the Board will propose that the Annual General Meeting decides to increase the share capital by a bonus issue with the same amount without issuing any new shares. In this way the size of the share capital is restored and the company avoids having to obtain permission from Bolagsverket or if disputed the local court to cancel the repurchased shares.

It is the number of repurchased shares when the notice to the Annual General Meeting is sent that is the basis for the decision on cancellation of shares at the Annual General Meeting.

## Acquisitions of businesses

In 2021, Alfa Laval acquired a minority stake of 16.5 percent in the Netherland-based company Marine Performance Systems (MPS) with an option to acquire the remaining part later. Now Alfa Laval has executed that option and completed the acquisition to own 100 percent of MPS. The closing date for the acquisition was March 21, 2023. MPS' innovative

technology significantly reduces the friction from vessels when sailing, resulting in fuel savings. Friction between the hull and the water when sailing is the most significant driver of a vessel's fuel consumption, and the cost of fuel represents up to 60 percent of a vessel's operating costs. Fuel consumption has a direct impact on greenhouse gas emissions, as reducing 1 ton of fossil fuel consumption equals the reduction of approximately 3 tonnes of CO<sub>2</sub> emissions. Marine Performance Systems' air lubrication technology generates micro bubbles under a ship's hull, reducing friction between the vessel and the water by 50-70 percent and enabling substantial fuel cost savings and improvement in overall ship efficiency, during normal service speed. The technology was first tested on a sea-going vessel in 2020 and the fuel savings have been confirmed by the shipowner based on several months of operation. The patented solution can be installed on vessels of any size or fuel type at point of building or retrofitted on already operating vessels.

On March 2, 2023, Alfa Laval acquired an additional 38.7 percent of StormGeo's subsidiary Climatempo in Brazil from the minority owners. Alfa Laval's ownership thereby increased from 51 percent to 89.7 percent. The transaction is reported as a change within the equity.

## Risks and other

### Material factors of risk and uncertainty

The main factors of risk and uncertainty facing the Group concern the business cycle, the consequences of Russia's war on Ukraine, the price development of metals, continued supply chain and logistical disruptions, volatile fluctuations in major currencies and the development of the COVID-19 pandemic. It is the company's opinion that the description of risks made in the Annual Report for 2022 is still correct.

### Russia's war on Ukraine

Alfa Laval has a factory and a sales company in Russia and a sales company in Ukraine. Historically the order intake from the markets in Russia and Ukraine has been approximately SEK 1 billion per year, equivalent to 2 percent of the total order intake for the company. When the war started on February 24, 2022, the total order backlog in Russia and Ukraine amounted to approximately SEK 750 million. In addition, Alfa Laval companies in other countries had orders from Russian end customers of SEK 360 million. Since then, the order backlog has been re-assessed and as a result orders of SEK 973 million have been removed from the order backlog. This is mainly due to sanctions, but also when Alfa Laval has assessed that the company will not be able to deliver or get paid. Also orders where Alfa Laval supplies equipment to ship yards in other countries building ships for ship owners under sanctions have been removed from the order backlog.

In the interim reports and the annual report for 2022 a detailed description was made of how Alfa Laval has calculated and provided for the company's costs for cancelled orders, late delivery fees, accounts receivable that we do not believe we will get paid for, foreign exchange losses and advance payments to suppliers in Russia and Ukraine where we do not expect any delivery or the advance being repaid to us.

Before the war, Alfa Laval had a competent team of approximately 230 employees in Russia and 10 employees in Ukraine. At March 31, 2023 the number of employees in Russia was 60. Alfa Laval's assessment is that the longer-term implications of the war on the Russian market are of such a magnitude that the company in the fourth quarter 2022 provided for a closure of the operations.

The total cost for these provisions amounted to SEK 400 million and was reported as a comparison distortion item in the first quarter 2022 with SEK 327 million and in the fourth quarter 2022 with an additional SEK 73 million.

### Asbestos-related lawsuits

The Alfa Laval Group was as of March 31, 2023 named as a co-defendant in a total of 480 asbestos-related lawsuits with a total of approximately 480 plaintiffs. Alfa Laval strongly believes the claims against the Group are without merit and intends to vigorously contest each lawsuit.

Based on current information and Alfa Laval's understanding of these lawsuits, Alfa Laval continues to believe that these lawsuits will not have a material adverse effect on the Group's financial condition or results of operation.



## Restructuring program

A restructuring program covering parts of the Marine Division and the Business Unit for Welded Heat Exchangers in the Energy Division was initiated in the fourth quarter 2022 to adjust capacity imbalances in the supply organization and manage the impact as we transit from fossil to sustainable energy solutions.

## Accounting principles

The interim report for the first quarter 2023 is prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The accounting principles are according to IFRS (International Financial Reporting Standards) as adopted by the European Union. In the report, alternative performance measures are used. See the annual report 2022 for definitions. Alfa Laval follows the Guidelines on Alternative Performance Measures issued by ESMA (European Securities and Markets Authority).

In the first quarter 2023 the alternative performance measure “Adjusted EBITA” has been added per division. The reason is that Adjusted EBITA is the most important performance measure used for the consolidated Group. In order to show how it is arrived at, information on amortisation has been added by division (operating income by division less amortisation by division equals Adjusted EBITA by division). The definition of free cash flow has been changed to the sum of cash flows from operating activities, investments and divestments of fixed assets. The reason is that the new definition is more meaningful for investors. It is presented per share in the statement of consolidated cash flows. Net debt is presented both excluding and including lease liabilities. The reason is that lease liabilities have nothing to do with the company’s loans.

“Q1” and “First quarter” refer to the period January 1 to March 31. “Jan-Dec” and “Full year” refers to the period January 1 to December 31. “Last 12 months” refers to the period April 1, 2022 to March 31, 2023. “The corresponding period last year” refers to the first quarter 2022.

“Currency effects” only relate to translation effects, whereas “foreign exchange effects” also relate to transactional effects. “Mix” in the operating income bridge also includes a price effect. Comparison distortion items are reported in the comprehensive income statement on each concerned line but are specified on page 4.

The accounting and valuation principles of the parent company comply with the Swedish Annual Accounts Act and the recommendation RFR 2 Accounting for legal entities issued by the Council for Financial Reporting in Sweden.

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The interim report has been issued at CET 13.00 on April 25, 2023 by the President and Chief Executive Officer Tom Erixon by proxy from the Board of Directors.

Lund, April 25, 2023,

Tom Erixon  
President and Chief Executive Officer  
Alfa Laval AB (publ)



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### Date for the next financial reports 2023

Alfa Laval will publish financial reports at the following dates:

Interim report for the second quarter	July 20
Interim report for the third quarter	October 25

This information is information that Alfa Laval AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at CET 13.00 on April 25, 2023.

