

# Report for Q2 2023

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

# Key figures

– SEK million



|                           | Q2 2023 | Q2 2022 | Tot Δ,<br>% | Organic Δ,<br>%* |
|---------------------------|---------|---------|-------------|------------------|
| Order intake              | 18,405  | 14,421  | 28          | 9                |
| Net sales                 | 15,880  | 11,852  | 34          | 17               |
| Adjusted EBITA            | 2,378   | 1,959   | 21          |                  |
| Adjusted EBITA-margin (%) | 15.0    | 16.5    |             |                  |

\*) Organic growth i.e. excluding currency effects and structural changes.

# Energy division

– Highlights and comments, SEK million



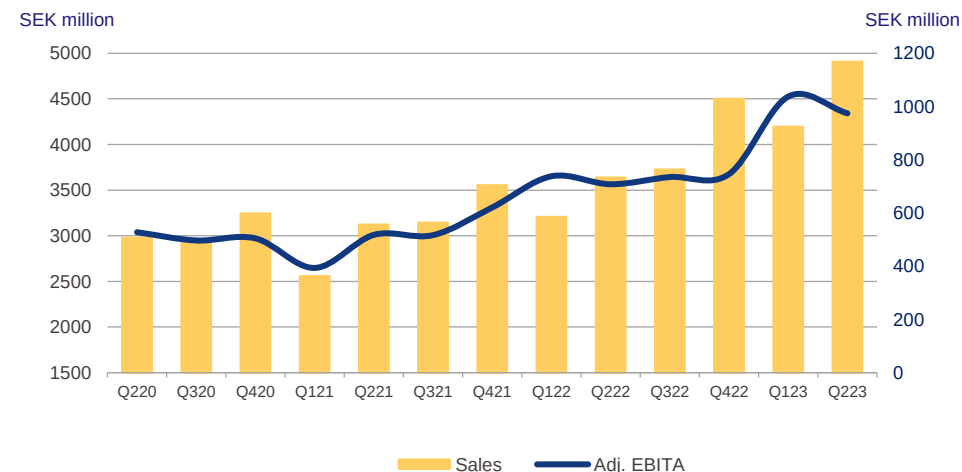
## MARKETS & ORDER INTAKE

- Continued strong order intake across all customer segments and most geographies.
- Growth mainly driven by continued investments in energy efficiency initiatives in all end markets.
- Notable improvement in Gas and Refinery.
- Record high order intake in Service.

## PROFITABILITY (EBITA)

- Margin was stable compared to Q2 2022.
- Restructuring of business unit welded is progressing as planned.

|               | Q2 23 | Q2 22 | Tot Δ,<br>% | Org Δ,<br>% | Q1 23 |
|---------------|-------|-------|-------------|-------------|-------|
| ORDERS        | 5,413 | 4,496 | 20.4        | 13.3        | 5,437 |
| SALES         | 4,910 | 3,639 | 34.9        | 27.8        | 4,196 |
| Adj EBITA     | 974   | 708   |             |             | 1,037 |
| Adj EBITA (%) | 19.8  | 19.5  |             |             | 24.7  |



# Marine division

– Highlights and comments, SEK million



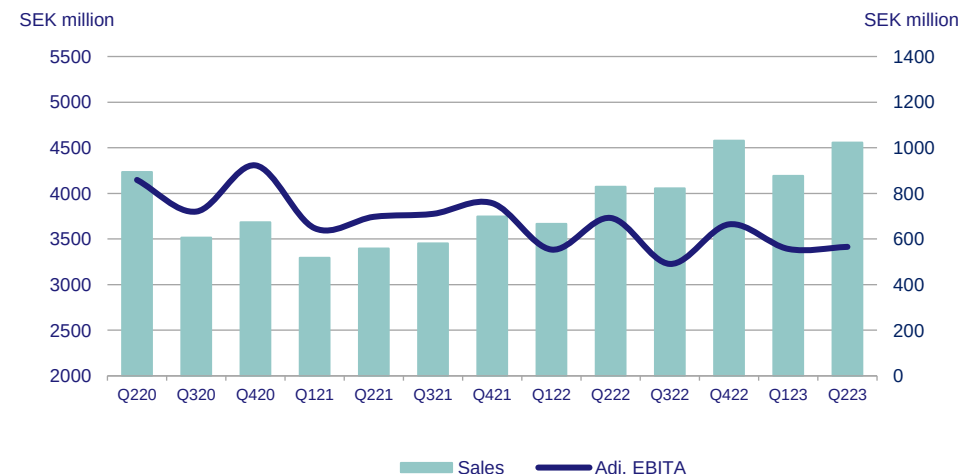
## MARKETS & ORDER INTAKE

- Strong order intake with growth in most product areas.
- Continued good demand for pumping systems.
- Growth supported by sustainability solutions.
- Strong growth in Service.

## PROFITABILITY (EBITA)

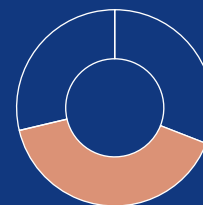
- Margin remained impacted by order backlog, operational imbalances and low factory load in Marine Pumping Systems.
- Restructuring program addressing imbalances in the Boiler and Ballast Water Treatment businesses progresses as planned.
- Improvement expected as from Q3 2023

|               | Q2 23 | Q2 22 | Tot Δ,<br>% | Org Δ,<br>% | Q1 23 |
|---------------|-------|-------|-------------|-------------|-------|
| ORDERS        | 6,051 | 4,892 | 23.7        | 17.8        | 7,172 |
| SALES         | 4,558 | 4,073 | 11.9        | 4.7         | 4,193 |
| Adj EBITA     | 565   | 692   |             |             | 556   |
| Adj EBITA (%) | 12.4  | 17.0  |             |             | 13.3  |



# Food & Water division

– Highlights and comments, SEK million



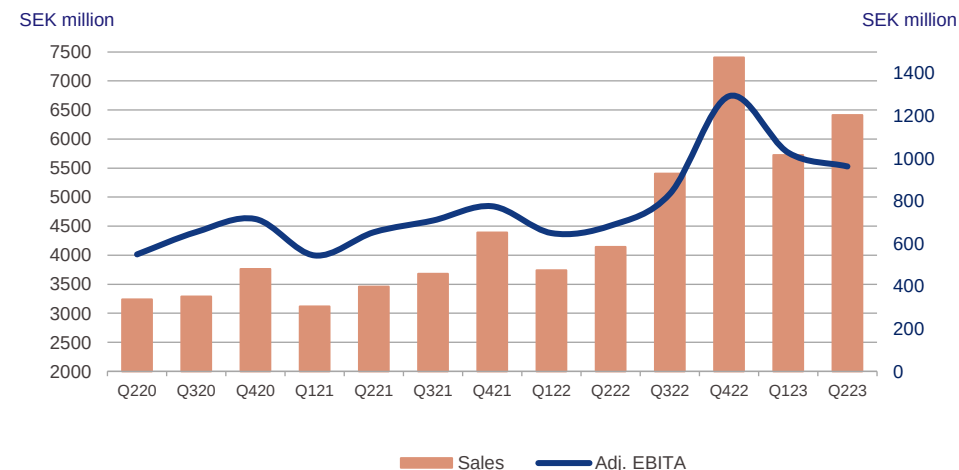
## MARKETS & ORDER INTAKE

- Continued good demand, driven by larger projects.
- Strong growth for Desmet.
- Supply chain challenges easing, enabling improved invoicing.
- Strong development for Service.

## PROFITABILITY (EBITA)

- Operating margin declined mainly as a result of the project business being a larger part of the mix. The somewhat lower activity in capital sales also impacts operational efficiency.

|               | Q2 23 | Q2 22 | Tot Δ,<br>% | Org Δ,<br>% | Q1 23 |
|---------------|-------|-------|-------------|-------------|-------|
| ORDERS        | 6,941 | 5,033 | 37.9        | -3.9        | 5,776 |
| SALES         | 6,412 | 4,140 | 54.9        | 18.5        | 5,722 |
| Adj EBITA     | 962   | 684   |             |             | 1,027 |
| Adj EBITA (%) | 15.0  | 16.5  |             |             | 17.9  |



# Service orders

– Order intake, SEK million

Energy, Q2



Food&Water, Q2

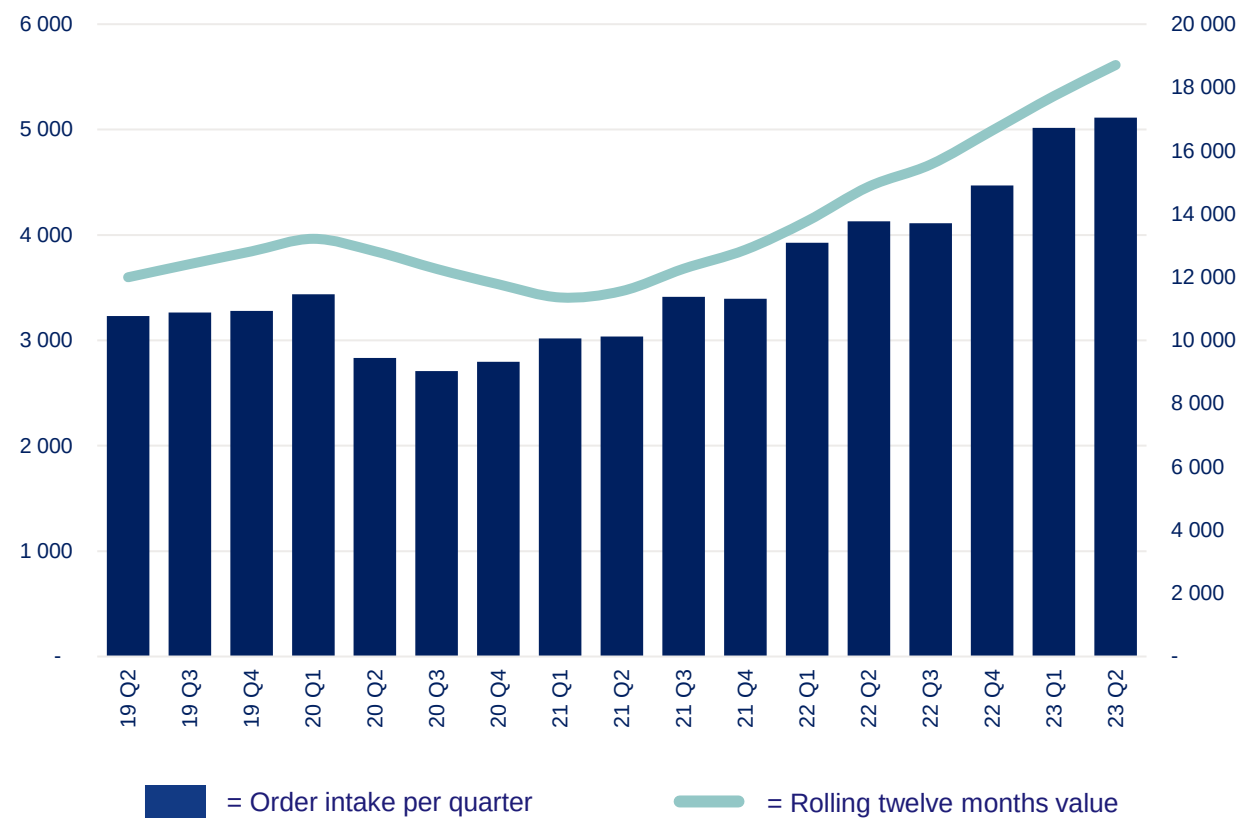


Marine, Q2



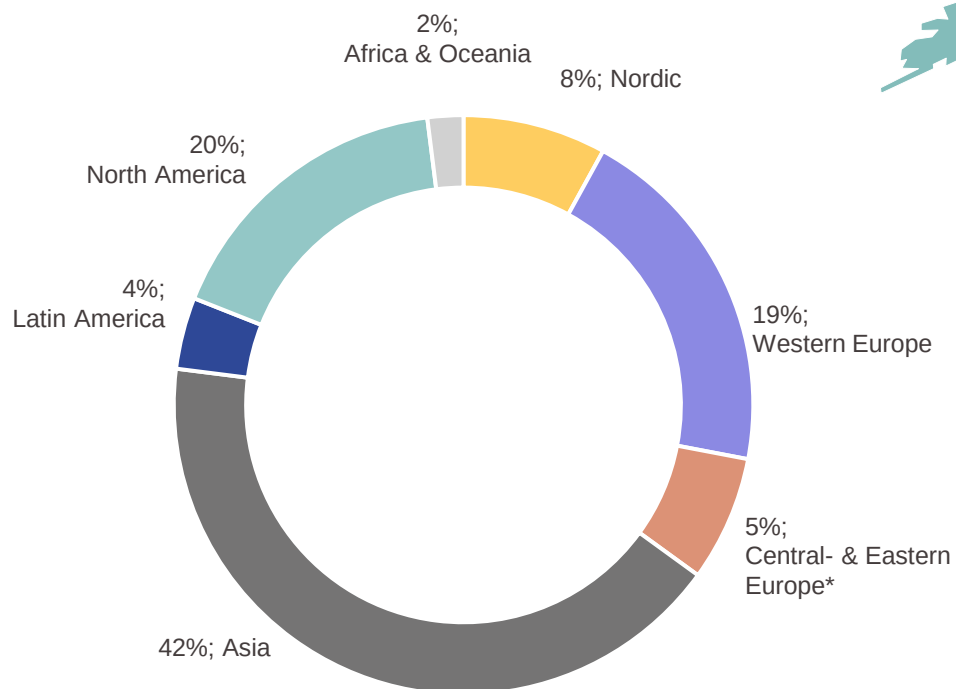
SEK million

SEK million

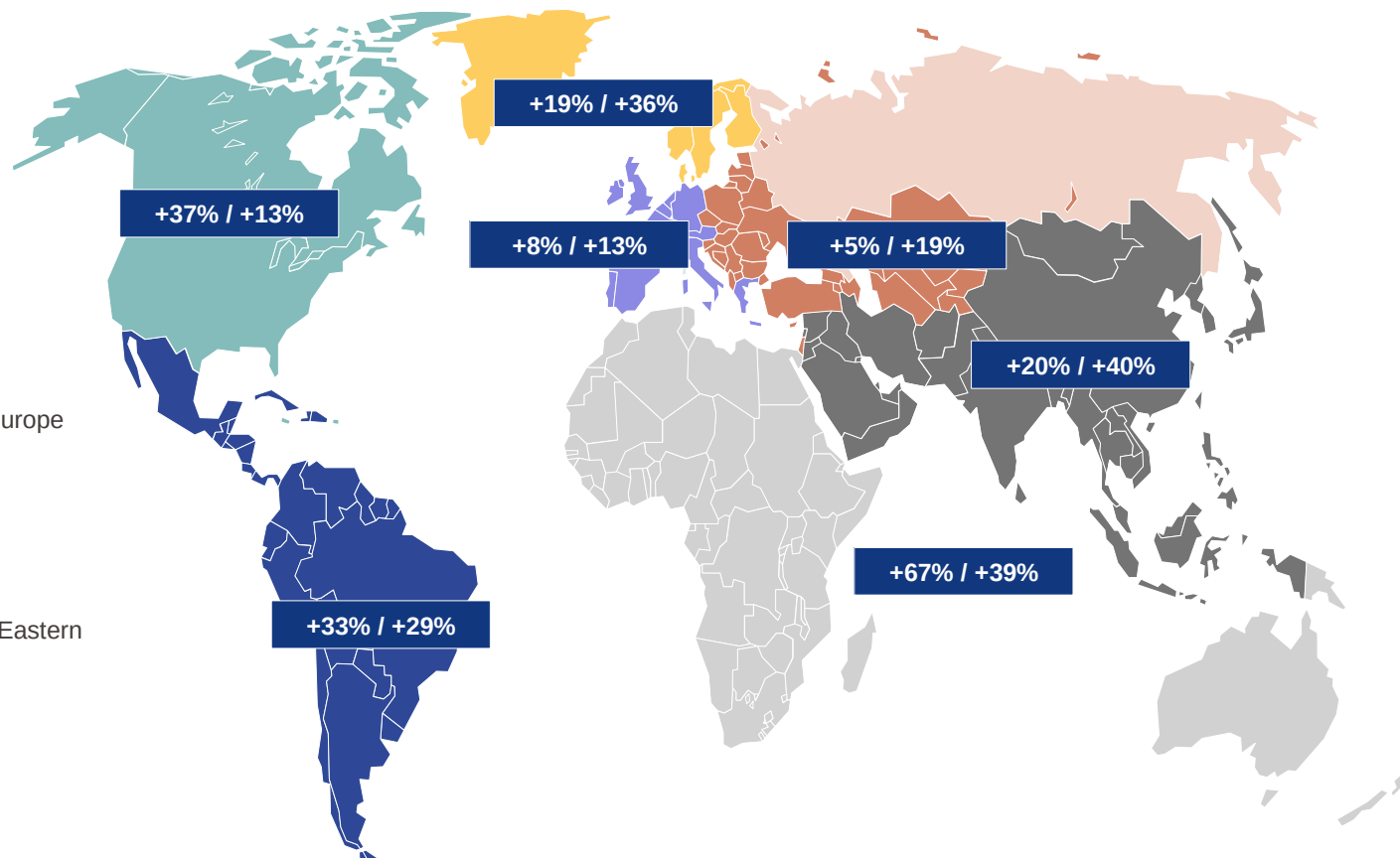


# Orders received by region

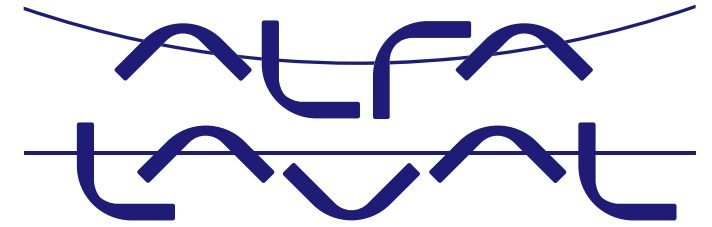
– at fixed rates



Share %: Jan – Jun 2023



vs Q2 2022 / YTD 2022

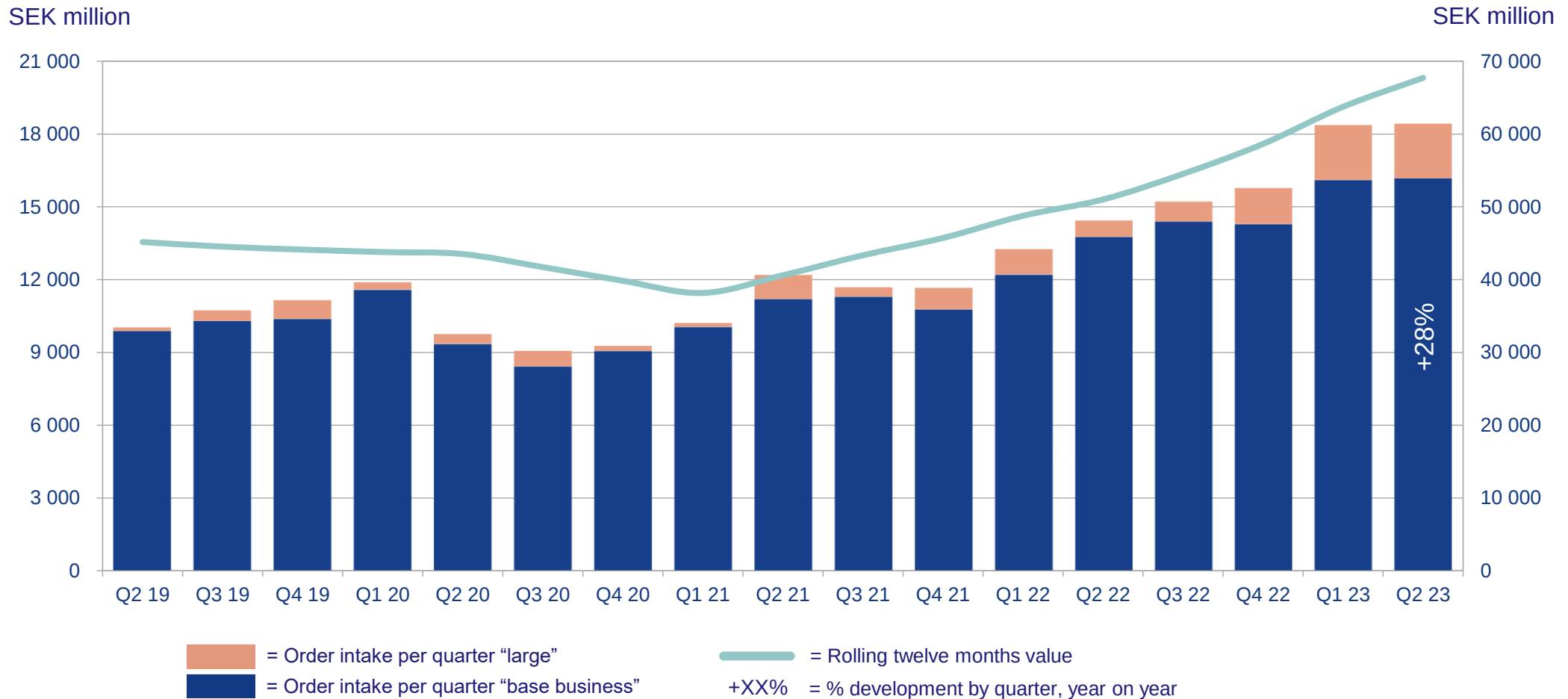


# Financials

**Fredrik Ekström**  
CFO  
Alfa Laval Group

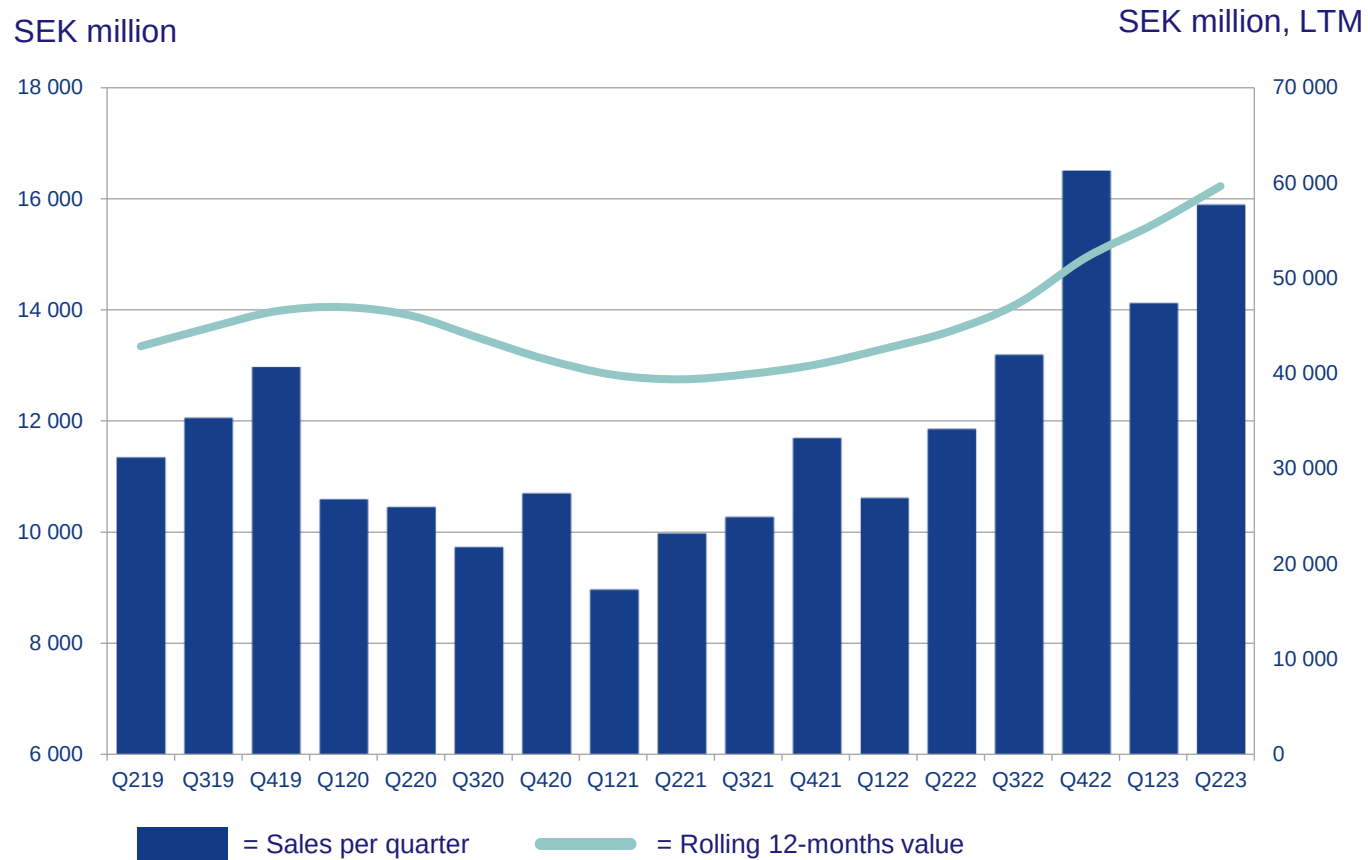
# Orders received

– SEK million



# Sales

– SEK million



## Q2 2023

- Sales of 15,880 MSEK (11,852)
- 34% growth
  - 17% organic growth
  - 10% structure
  - 7% currency
- Improving supply chains

# Key figures

– SEK million



|                       | Q2 2023 | Q2 2022 |
|-----------------------|---------|---------|
| Sales                 | 15,880  | 11,852  |
| Gross profit          | 5,144   | 4,263   |
| Sales & Admin         | -2,342  | -1,950  |
| R&D                   | -417    | -323    |
| Net other cost/income | -268    | -254    |
| Operating income      | 2,136   | 1,744   |
| Financial net         | -133    | -168    |
| Profit before tax     | 2,003   | 1,576   |
| Taxes                 | -488    | -424    |
| EPS                   | 3.63    | 2.75    |

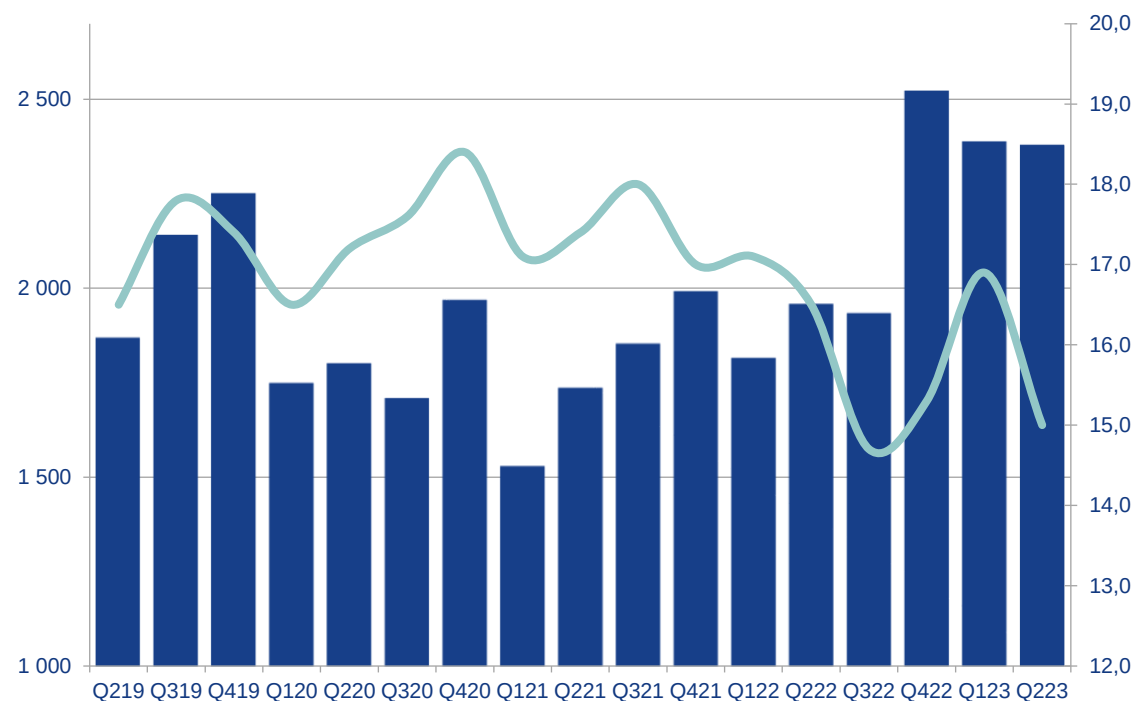
# Adjusted EBITA margin\*

– SEK million and in percent of sales



SEK million

Margin, %



■ = Adj EBITA per quarter    — = Adj EBITA margin

|                 | Q2 2023 | Organic | Currency | Structure | Q2 2022 |
|-----------------|---------|---------|----------|-----------|---------|
| Sales           | 15,880  | 1,967   | 839      | 1,221     | 11,852  |
| Sales growth, % | 34.0%   | 16.6%   | 7.1%     | 10.3%     |         |
| Adj EBITA       | 2,378   | 228     | 93       | 98        | 1,959   |
| Adj EBITA %     | 15.0%   |         |          |           | 16.5%   |
| Dil/Acc         |         | -0.6%   | -0.3%    | -0.6%     |         |

# Sales and margin bridge Food & Water

– SEK million and in percent of sales



| Food&Water             | Q2 2023      | Organic      | Currency    | Structure    | Q2 2022      |
|------------------------|--------------|--------------|-------------|--------------|--------------|
| Sales                  | 6,412        | 765          | 381         | 1126         | 11,852       |
| <i>Sales growth, %</i> | <i>54.9%</i> | <i>18.5%</i> | <i>9.2%</i> | <i>27.2%</i> |              |
| Adj EBITA              | 962          | 137          | 49          | 92           | 1,959        |
| <i>Adj EBITA %</i>     | <i>15.0%</i> |              |             |              | <i>16.5%</i> |
| Dil/Acc                |              | 0.2%         | -0.2%       | -1.5%        |              |

- Organic leverage despite negative mix
- Dilution from acquisition
- Actions to be taken in Q3

# Cash-flow statement

– SEK million



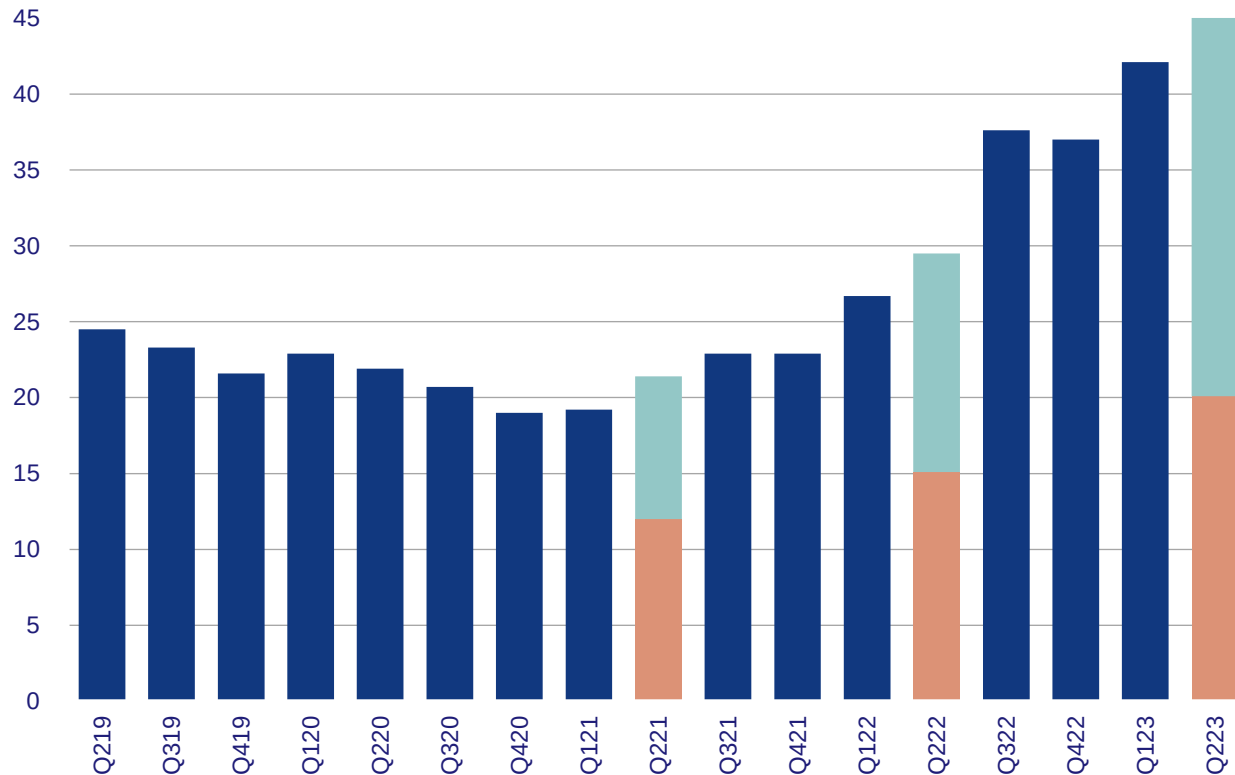
|                                             | Q2 2023      | Q2 2022       | YTD 2023     | YTD 2022    |
|---------------------------------------------|--------------|---------------|--------------|-------------|
| EBITDA                                      | 2,783        | 1,885         | 5,535        | 4,070       |
| Working Capital                             | -739         | -1,204        | -2,051       | -2,141      |
| Taxes paid                                  | -702         | -489          | -1,138       | -970        |
| <b>Cash flow from operating activities</b>  | <b>1,342</b> | <b>192</b>    | <b>2,346</b> | <b>959</b>  |
| Capital expenditures                        | -549         | -311          | -989         | -585        |
| <b>Free cash flow</b>                       | <b>793</b>   | <b>-119</b>   | <b>1,357</b> | <b>374</b>  |
| Disposals                                   | 1            | 12            | 2            | 17          |
| Acquisitions                                | -14          | -             | -100         | -4          |
| <b>Cash flow after investing activities</b> | <b>780</b>   | <b>-107</b>   | <b>1,259</b> | <b>387</b>  |
| Financing activities                        | -1,510       | -3,971        | -2,196       | -821        |
| <b>Cash flow</b>                            | <b>-730</b>  | <b>-4,078</b> | <b>-937</b>  | <b>-434</b> |

# Order backlog as per June 30

– SEK billion



SEK billion



 = For delivery during current year  
 = For delivery next year or later

## Q2 2023

- Order backlog of 45 BSEK
  - 20.1 BSEK for delivery 2023
  - 24.9 BSEK for delivery 2024 or later
- 53% increase YoY
- Current backlog corresponding to 4.0 months
- Q2 book-to-bill of 1.16

# Guidance



|                                  | Q3 2023                                                  | FY 2023                                                  | FY 2024                                                  |
|----------------------------------|----------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------|
| <b>CAPEX (cash)</b>              | Around similar level as previous quarter                 | Estimated 2.5 – 3.0 BSEK                                 | Estimated 2.5 – 3.0 BSEK                                 |
| <b>Currency impact on EBITA*</b> | Estimated transaction and translation impact of 155 MSEK | Estimated transaction and translation impact of 630 MSEK | Estimated transaction and translation impact of 620 MSEK |
| <b>PPA amortization</b>          |                                                          | 950 MSEK                                                 | 680 MSEK                                                 |
| <b>Tax rate</b>                  |                                                          | 24-26%                                                   | 24-26%                                                   |

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

\*) Based on currency rates as per June 30, 2023. EUR/USD 1.092 and EUR/SEK 11.4745

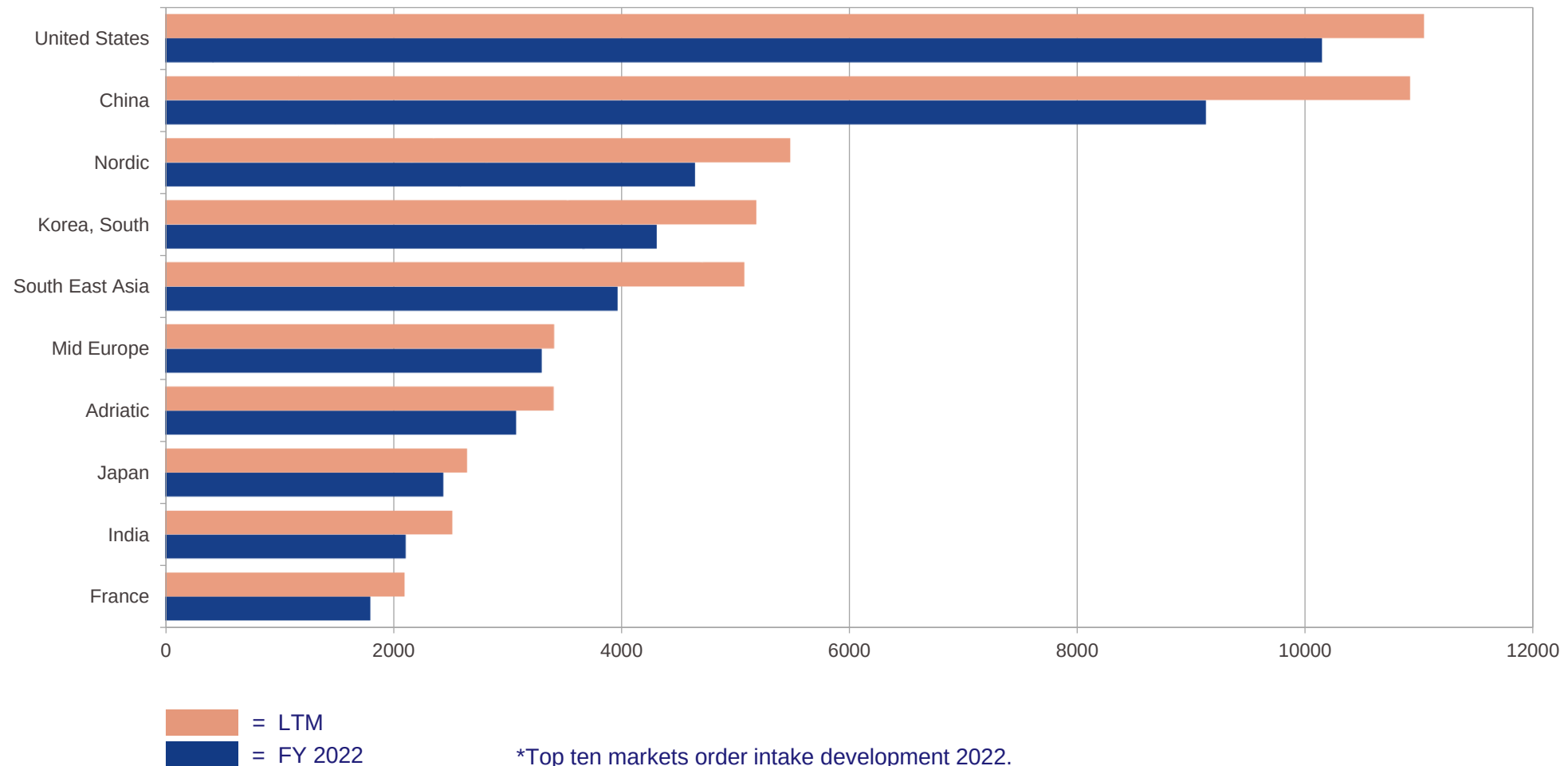
## Outlook for the third quarter:

“Despite slowing economic activity, demand in Alfa Laval’s end-markets is expected to remain unchanged although affected by third quarter lower seasonality.”



# Top ten markets\*

– SEK million at prevailing rates



# 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.