

## **ANNUAL REPORT 2019**

The Board of Directors and the President of Alfa Laval Treasury International AB (publ) hereby submit their annual report for the financial year 2019.

### **BOARD OF DIRECTORS' REPORT**

Alfa Laval Treasury International AB (publ) has during 2019 carried out business in its own name, but under a commissionary agreement with the principal company Alfa Laval Corporate AB. This means that the company's result, assets, liabilities, contingent liabilities and personnel are reported in the annual report of Alfa Laval Corporate AB.

The company has during year 2019 conducted capital and liquidity management on behalf of the Alfa Laval Group. The company has also been hedging the currency exposure of the Group.

Alfa Laval Treasury International AB (publ) is a fully owned subsidiary of Alfa Laval Corporate AB. The parent company of the Group is Alfa Laval AB (publ), Sweden (Corporate identity number: 556587-8054).

The Company has issued 800 MEuro of corporate bonds. The bonds consist of one tranche of 500 MEuro that matures in September 2022 and one tranche of 300 MEuro that matures in June 2024. The bonds are listed on the Irish Stock Exchange. The group's ultimate parent company Alfa Laval AB is guarantor for the bonds.

Information concerning Corporate Governance for the Alfa Laval group can be found on the group's website and in the Annual report 2019 for Alfa Laval AB in the chapter covering Corporate Governance.

Income available for disposition by the share holders at the Annual General Meeting:

Accumulated profit January 1, 2019	0
Net income of the year	0
Total	0

BALANCE SHEET (SEK)	2019	2018
<b>ASSETS</b>		
<b>Financial assets</b>		
Receivables on group companies	5 000 000	5 000 000
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
<b>Restricted equity</b>		
Share capital, 50 000 shares	5 000 000	5 000 000
Pledged assets and contingent liabilities	None	None

## Accounting principles

The annual report has been established according to the Annual Accounts Act and The Swedish Accounting Standards Board.

Lund January 16, 2020

    
Emma Adlerton      Fredrik Fihnn      Dag Olsson      Jan Alde  
Chairman

  
Henrik G Welch  
Managing Director

My Auditors' report concerning this Annual Report has been issued on April 19, 2020.

  
Staffan Landén  
Authorized Public Accountant

# Auditor's report

To the general meeting of the shareholders of Alfa Laval Treasury International AB (publ), corporate identity number 556432-2484

## Report on the annual accounts

### **Opinions**

I have audited the annual accounts of Alfa Laval Treasury International AB (publ) for the year 2019.

In my opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the company as of 31 December 2019 and its financial performance for the year then ended in accordance with the Annual Accounts Act.

The statutory administration report is consistent with the other parts of the annual accounts.

I therefore recommend that the general meeting of shareholders adopts the balance sheet for the company.

My opinions in this report on the annual accounts are consistent with the content of the additional report that has been submitted to the company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### **Basis for Opinions**

I conducted my audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. My responsibilities under those standards are further described in the Auditor's Responsibilities section. I am independent of the company in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled my ethical responsibilities in accordance with these requirements. This includes that, based on the best of my knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

### **Key Audit Matters**

Key audit matters of the audit are those matters that, in mine professional judgment, were of most significance in my audit of the annual accounts of the current period. These matters were addressed in the context of my audit of, and in forming my opinion thereon, the annual accounts as a whole, but I do not provide a separate opinion on these matters. For each matter below, my description of how our audit addressed the matter is provided in that context.

I have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of mine audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements.

### **Commission**

Description	How our audit addressed this key audit matter
The company has during the year conducted capital and liquidity management on behalf of Alfa Laval Group and also hedging the currency exposure of the Group.	I have audited the transactions that the company has made in its own name but which are accounted for in Alfa Laval Corporate AB and is included in the annual report of Alfa Laval Corporate AB.
The company carry out business in its own name, but under a commissionary agreement with the principal company Alfa Laval Corporate AB. This means that the company's result, assets, liabilities, contingent liabilities and personnel are reported in the annual report of Alfa Laval Corporate AB.	
The company has issued corporate bonds amounting to 800 MEuro. The group's parent company Alfa Laval AB is guarantor for the bonds.	

### **Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibility**

My objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- ▶ Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ▶ Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

- ▶ Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts. I also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. My conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

- ▶ Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

I must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. I must also inform of significant audit findings during my audit, including any significant deficiencies in internal control that I identified.

I must also provide the Board of Directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, I determine those matters that were of most significance in the audit of the annual accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. I describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

## **Report on other legal and regulatory requirements**

### **Opinions**

In addition to my audit of the annual accounts, I have also audited the administration of the Board of Directors and the Managing Director of Alfa Laval Treasury International AB (publ) for the year 2019 and the proposed appropriations of the company's profit or loss.

I recommend to the general meeting of shareholders that the result be appropriated in accordance with the proposal in the statutory administration report and that the members of the

Board of Directors and the Managing Director be discharged from liability for the financial year.

### **Basis for opinions**

I conducted the audit in accordance with generally accepted auditing standards in Sweden. My responsibilities under those standards are further described in the *Auditor's Responsibilities* section. I am independent of the company in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for our opinions.

**Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

**Auditor's responsibility**

My objective concerning the audit of the administration, and thereby my opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- ▶ has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- ▶ in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

My objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby my opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, I exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on my professional judgment with starting point in risk and materiality. This means that I focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. I examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss I examined whether the proposal is in accordance with the Companies Act.

***The auditor's examination of the corporate governance statement***

The Board of Directors is responsible for that the corporate governance statement on page 1 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 *The auditor's examination of the corporate governance statement*. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared by the group parent company Alfa Laval AB (publ) for which we have made a corporate governance statement in its annual report for 2018.

Staffan Landén, Ernst & Young AB, Parkgatan 49, 411 38 Gothenburg, was appointed auditor of Alfa Laval Treasury International AB by the general meeting of the shareholders on the 14 June 2019 and has been the company's auditor since the 8 May 2018.

Gothenburg April 14, 2020

Ernst & Young AB



Staffan Landén  
Authorized Public Accountant