

ALFA  
LAW



# Report for Q4 2013

- Key figures
- Orders received and margins
- Highlights
- Development per segment
- Geographical development
- Financials
- Outlook

Mr. Lars Renström  
President and CEO  
Alfa Laval Group

# Key figures

## October – December 2013

- \* Orders received rose 13% to SEK 8,170 million.
- \* Net sales increased 6% to SEK 8,646 million.
- \* Adjusted EBITA grew 5% to SEK 1,412 million.
- \* Adjusted EBITA margin 16.3% vs 16.5%  
- *Negative currency effect SEK 45 million.*

## January – December 2013

- \* Orders received unchanged at SEK 30,335 million.
- \* Net sales unchanged at SEK 29,934 million.
- \* Adjusted EBITA unchanged at SEK 4,914 million.
- \* Adjusted EBITA margin 16.4% vs 16.5%  
- *Negative currency effect SEK 187 million.*

# Board proposal to the AGM

## Dividend and share buyback

The Board of directors proposes

- A dividend of 3.75 SEK (3.50)
- A mandate to buy back up to 5 percent of the number of outstanding shares

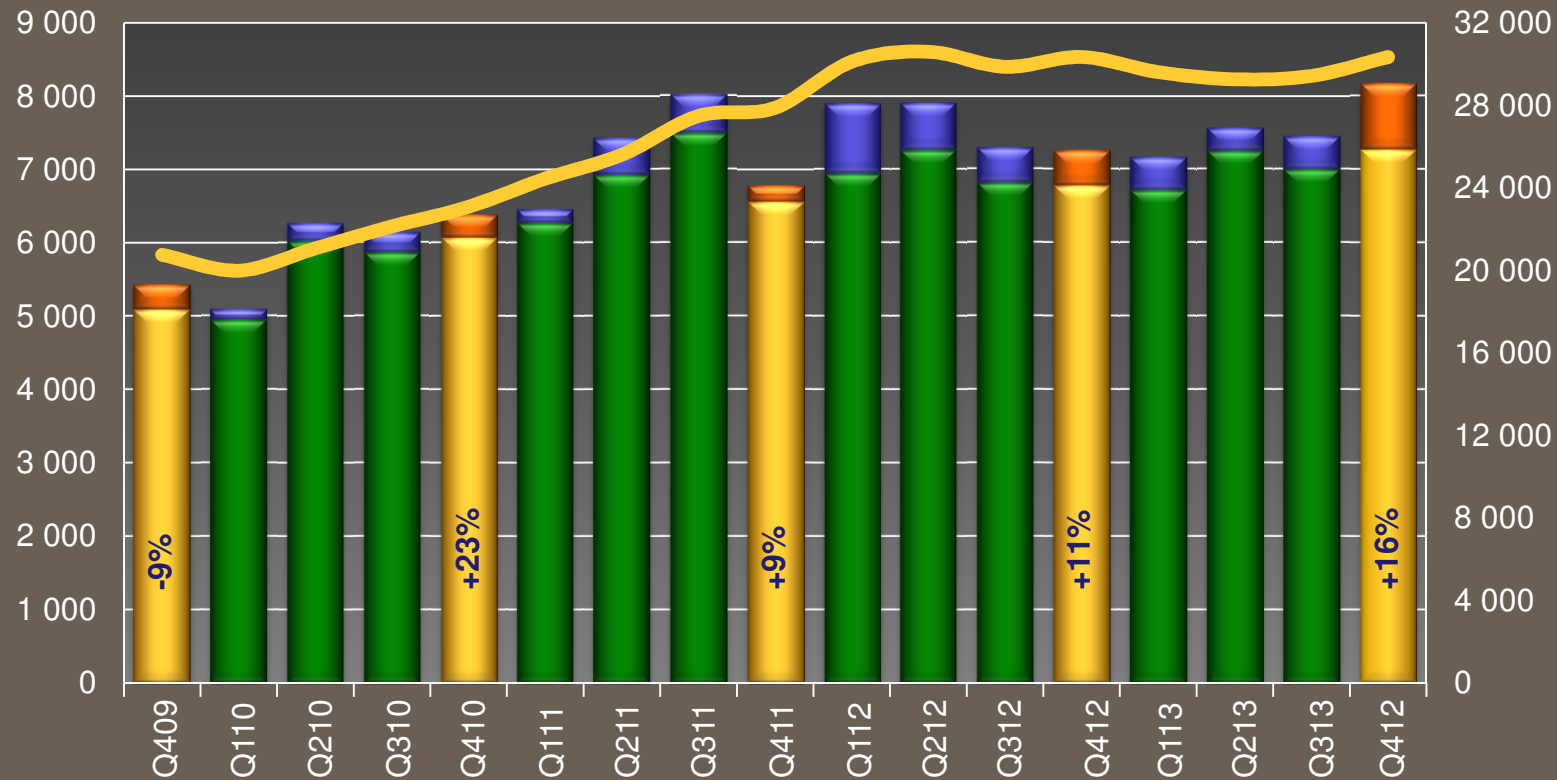
# Report for Q4 2013





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# Orders received

SEK million

SEK million R 12



  = Order intake per quarter "large"  
  = Order intake per quarter

 = Rolling twelve months value

+XX% = % development at constant rates by quarter, year on year

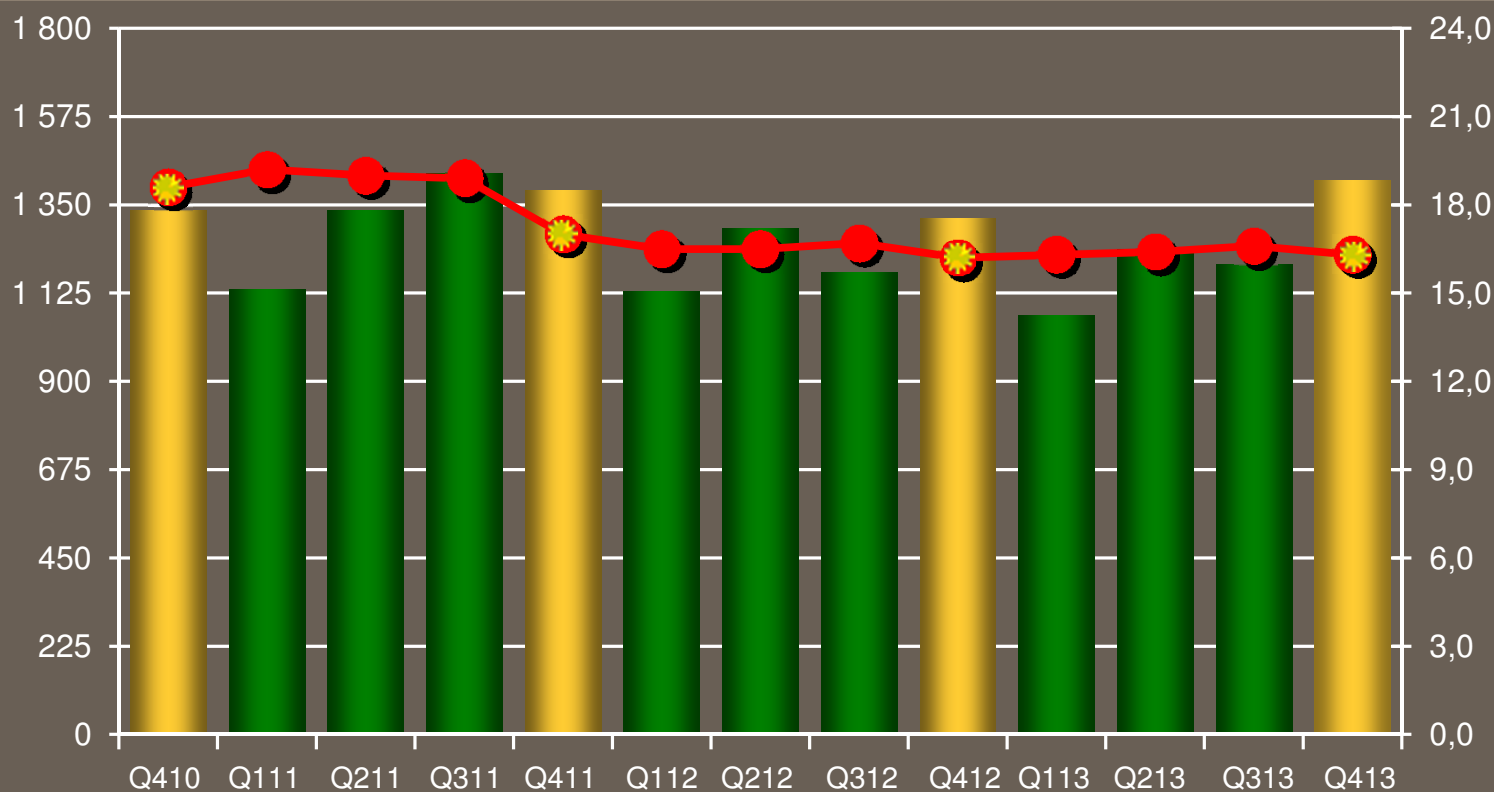
# Order analysis

Q4 2013 versus Q4 2012 and versus Q3 2013 (MSEK)

Q4 2012	7,252	Q3 2013	7,447
Structural change, %	+ 1.3		-
Organic development, %	+ 14.3		+ 9.5
Total	+ 15.6		+ 9.5
Currency effects,%	- 2.9		+ 0.2
Total, %	+ 12,7		+ 9,7
Q4 2013	8,170	Q4 2013	8,170

# Adjusted EBITA / margin\*

SEK millions and in percent of sales



\* Adjusted EBITA – "Earnings before interests, taxes, amortization of goodwill and step up values and comparison distortion items."





# Report for Q4 2013

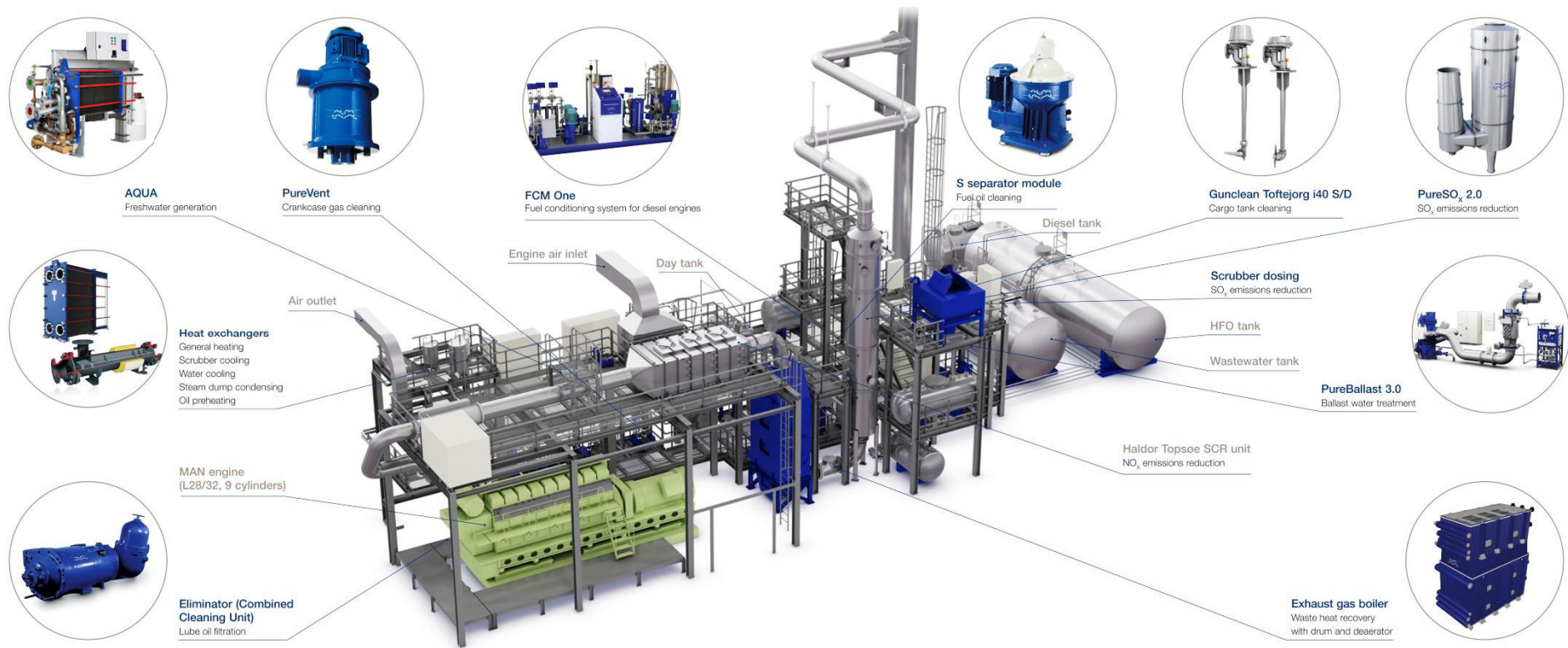
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# Highlights in the quarter

Process Technology	Marine & Diesel
 <p>Process line for a vegetable protein extraction plant in Russia. <b>Value: SEK 75 million</b></p>	 <p>Order for exhaust gas cleaning systems from Spliethoff. Marine &amp; Offshore Systems segment.</p>
<p>Offshore oil and gas order for platform in Norway. <b>Value SEK 90 million.</b></p>	<p>Order for fuel recovery system Alfa Laval Pure Dry for 40 ships. <b>Value SEK 40 million.</b></p>
<p>Order for equipment to a Brazilian brewery. <b>Value SEK 165 million.</b></p>	
<p>Compact heat exchangers for oil and gas application in Canada. <b>Value SEK 100 million.</b></p>	
<p>OLMI heat exchangers for a US petrochemical plant. <b>Value SEK 60 million.</b></p>	
<p>Equipment for offshore oil platform. <b>Value SEK 50 million.</b></p>	
<p>Equipment for Russian starch-processing plant. <b>Value: SEK 100 million.</b></p>	
<p>Heat exchangers for waste-water cleaning in Australia. <b>Value: SEK 90 million.</b></p>	
<p>Heat exchangers for Russian power plant. <b>Value: SEK 90 million</b></p>	

# Innovation in full scale

- Marine test and training center, Aalborg, Denmark



# Large orders in 2013

By focus area



# Large orders in 2013

By geographical area, total SEK >2 100 million (>2 500)

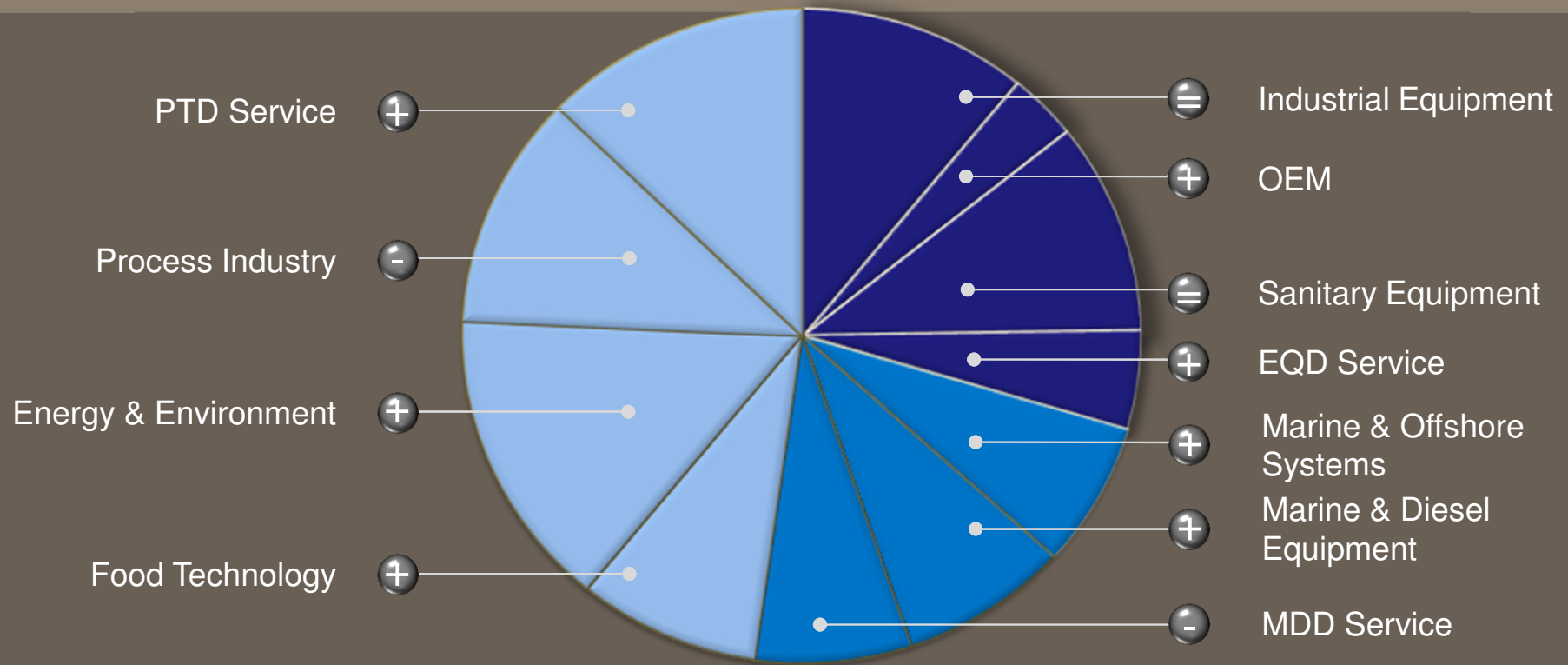


# Report for Q4 2013

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# Orders received by customer segment

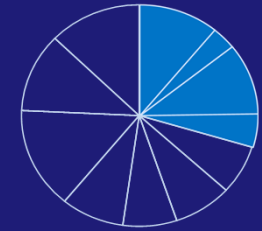
October – December 2013, at constant rates and like for like



- Equipment division
- Marine & Diesel division
- Process Technology division

Year-on-year comparison

# Equipment division



## Highlights and sequential comments

- \* Sanitary lifted by good demand for products for personal care and food applications.
- \* Industrial Equipment saw a slight decline due to seasonally lower demand for HVAC applications.
- \* OEM unchanged as demand from boiler manufacturers grew while demand for products going into HVAC applications declined due to seasonality.

	Order	Sales	Backlog
Q4 2013	2,445	2,555	1,495
Q4 2012	2,397	2,495	1,583



Sanitary  
10%\*



Industrial  
Equipment  
11%




OEM  
3%



Service  
5%



 Year-on-year comparison

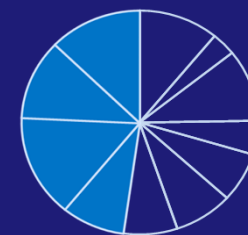
 Sequential comparison

\*Share of Group total

[www.alfalaval.com](http://www.alfalaval.com)



# Process Technology division



## Highlights and sequential comments

- \* Energy & Environment saw Oil & Gas rise, boosted by large orders. Power booked large nuclear order, following increased activity.
- \* Large protein and brewery orders contributed to growth in Food Technology.
- \* Process Industry declined due to non-repeat orders in Refinery. Other areas in the segment grew.

	Order	Sales	Backlog
Q4 2013	3,886	4,265	8,393
Q4 2012	3,476	3,748	8,358



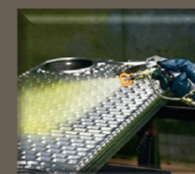
Food Tech.  
9%\*



Energy & Environ.  
15%



Process Industry  
12%



Service  
13%



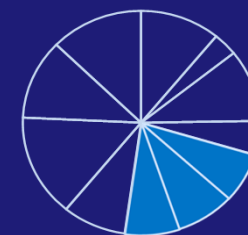
 Year-on-year comparison

 Sequential comparison

\*Share of Group total

[www.alfalaval.com](http://www.alfalaval.com)

# Marine & Diesel division



## Highlights and sequential comments

- \* Marine & Diesel Equipment saw overall higher demand following ship contracting growth throughout the year.
- \* Marine & Offshore Systems grew significantly with a positive development across the board. Large EGC order contributed to the growth.
- \* Service down due to lower repair activity.

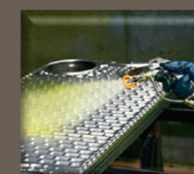
	Order	Sales	Backlog
Q4 2013	1,839	1,826	4,680
Q4 2012	1,379	1,876	4,527



Marine & Diesel  
Equipment  
8%\*



Marine &  
Offshore Systems  
7%



Service  
7%



 Year-on-year comparison

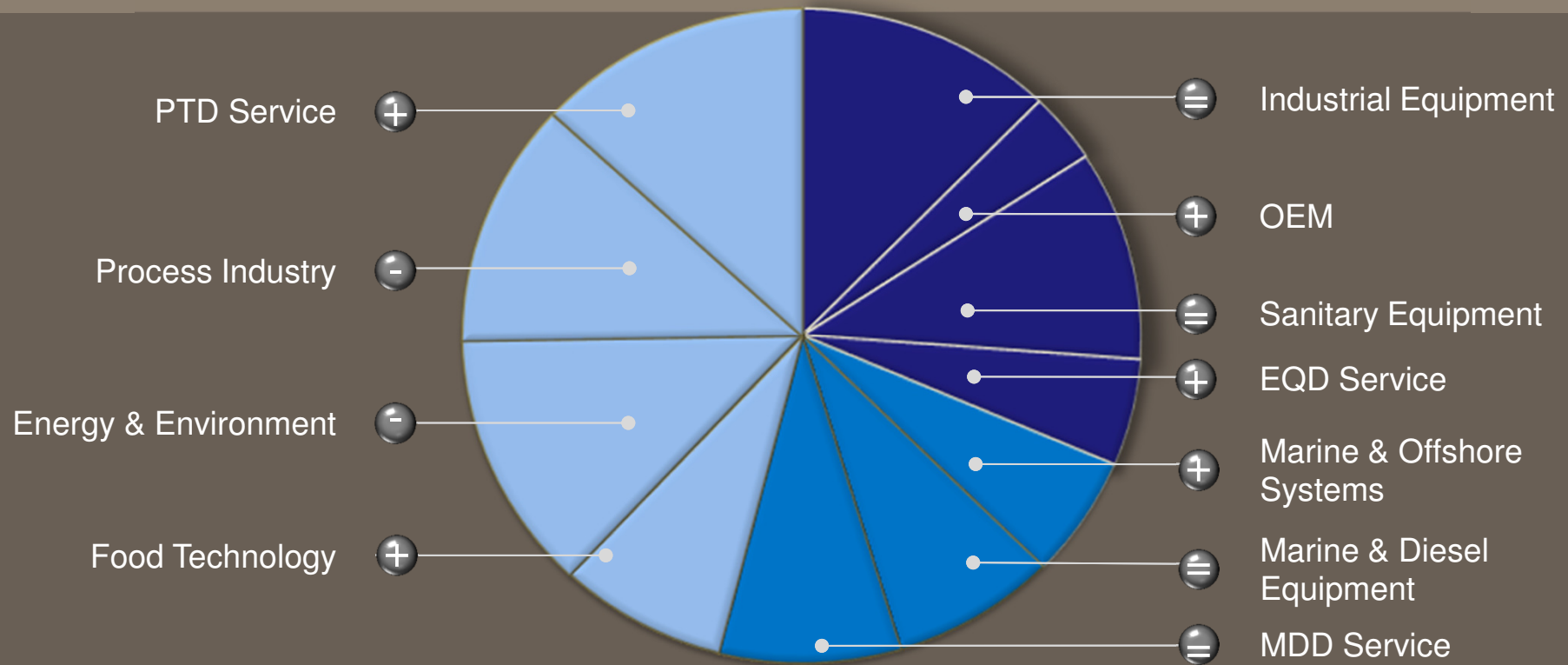
 Sequential comparison

\*Share of Group total

[www.alfalaval.com](http://www.alfalaval.com)

# Orders received by customer segment

January – December 2013, at constant rates and like for like



- Equipment division
- Marine & Diesel division
- Process Technology division

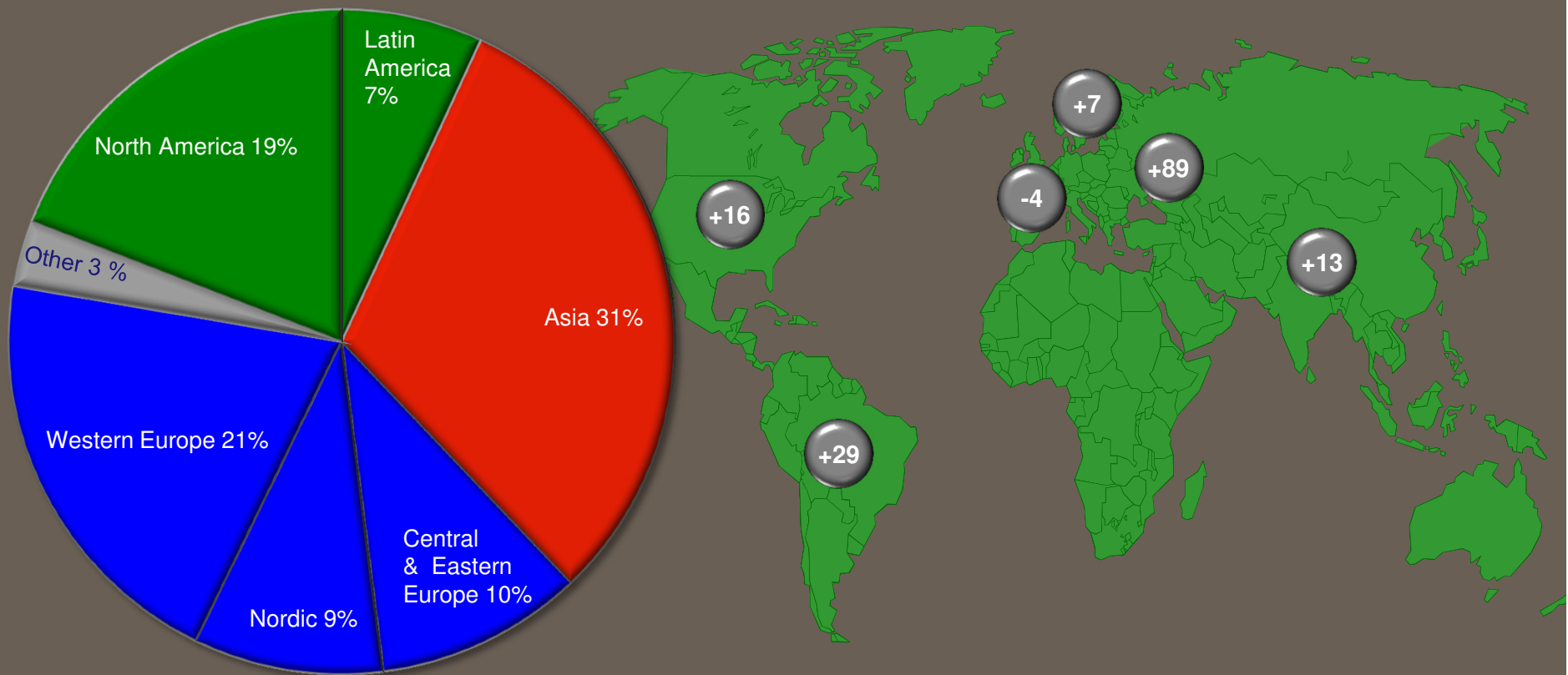
Year-on-year comparison

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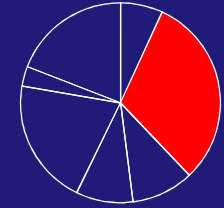
# Orders received by Region

October – December 2013, development at constant rates



● Year-on-year comparison

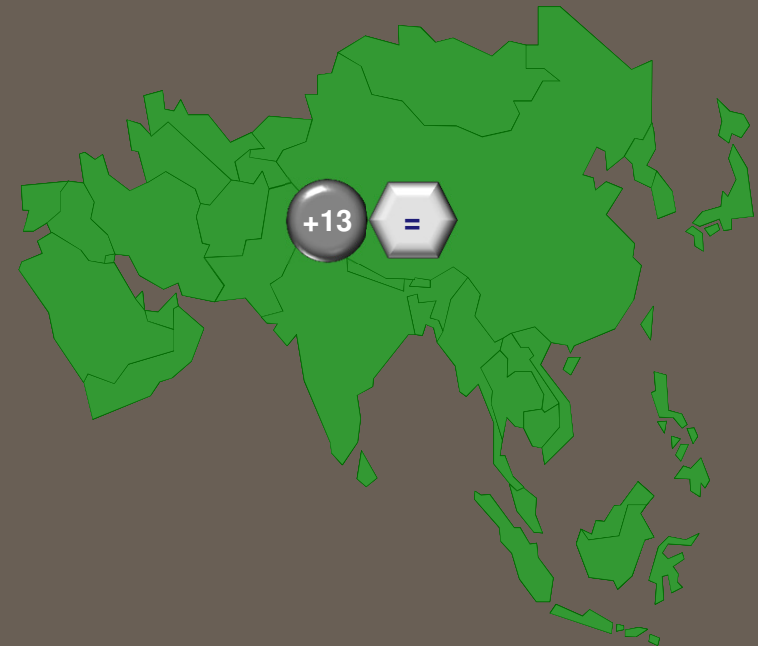
# Highlights Asia



October – December 2013 , at constant rates, sequential comments

## Asia:

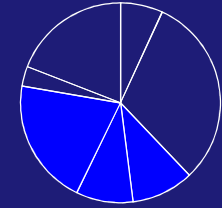
- \* The base business did well while demand for Service was unchanged. Large orders were affected by a non-repeat.
- \* Marine & Diesel division had a strong quarter, lifted by a high activity level among shipyards in South Korea, China and Japan.
- \* China grew, lifted by Marine, Food, Process Industry and Service. Equipment was at a slightly lower pace than previous quarters.



 Year-on-year comparison

 Sequential comparison

# Highlights Europe



October – December 2013, at constant rates, sequential comments




## Western Europe incl. Nordic:

- \* Positive development for both the base business and large orders.
- \* Sanitary, Marine & Offshore Systems and Energy & Environment did particularly well. Service demand rose.

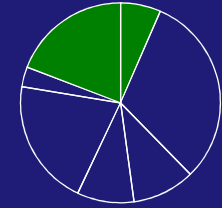
## Central and Eastern Europe:

- \* Strong increase due to very positive development in Russia, Poland and Baltics.
- \* Russia reported a record quarter, boosted by three large orders for power, starch processing and food.

 Year-on-year comparison

 Sequential comparison

# Highlights Americas



October – December 2013, at constant rates, sequential comments


## North America:

- \* Growth in both U.S. and Canada, mainly driven by large projects. The service business grew.
- \* Sanitary, Industrial Equipment, Process Industry and Food contributed to the positive development.



## Latin America:

- \* Brazil did particularly well, with growth for both base business and large orders. Argentina was boosted by strong base business in Process Technology division.

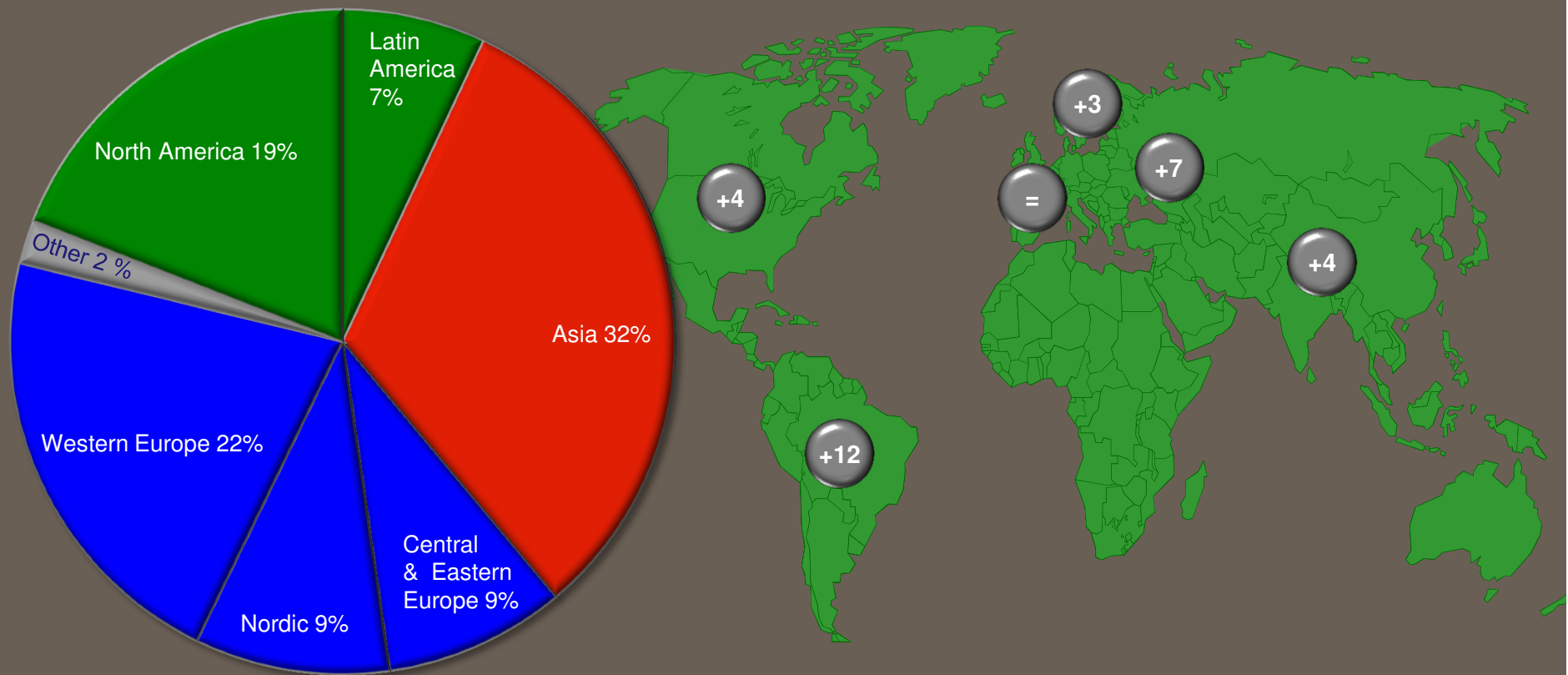
 Year-on-year comparison

 Sequential comparison



# Orders received by Region

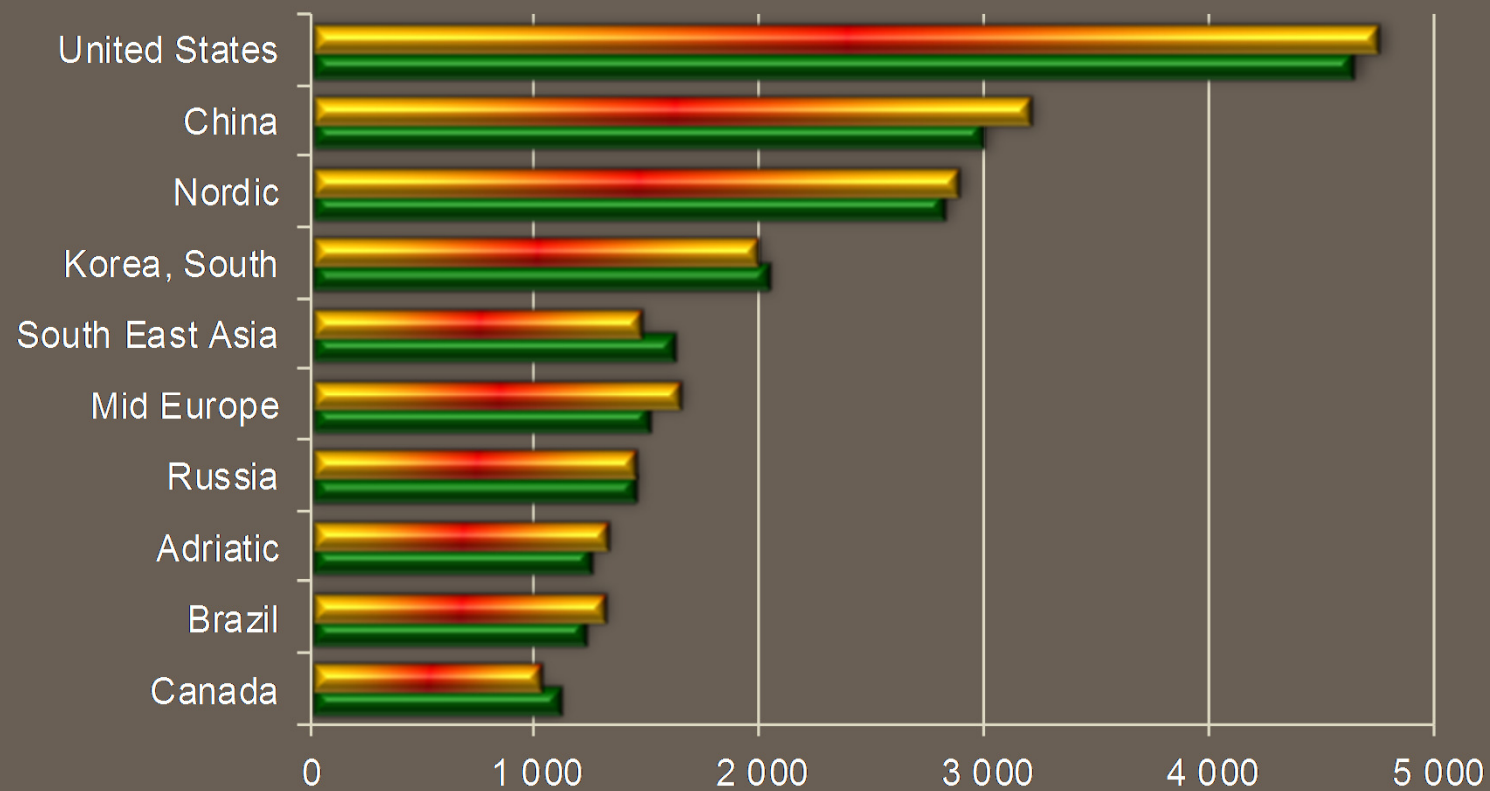
January – December 2013, development at constant rates



● Year-on-year comparison

# Top 10 markets\*

SEK million at prevailing rates



 = WY 2013  
 = WY 2012

*\*The development of the 2012 top ten markets.*



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Mr. Thomas Thuresson  
CFO  
Alfa Laval Group

# Highlights

SEK millions

October – December 2013

Order intake

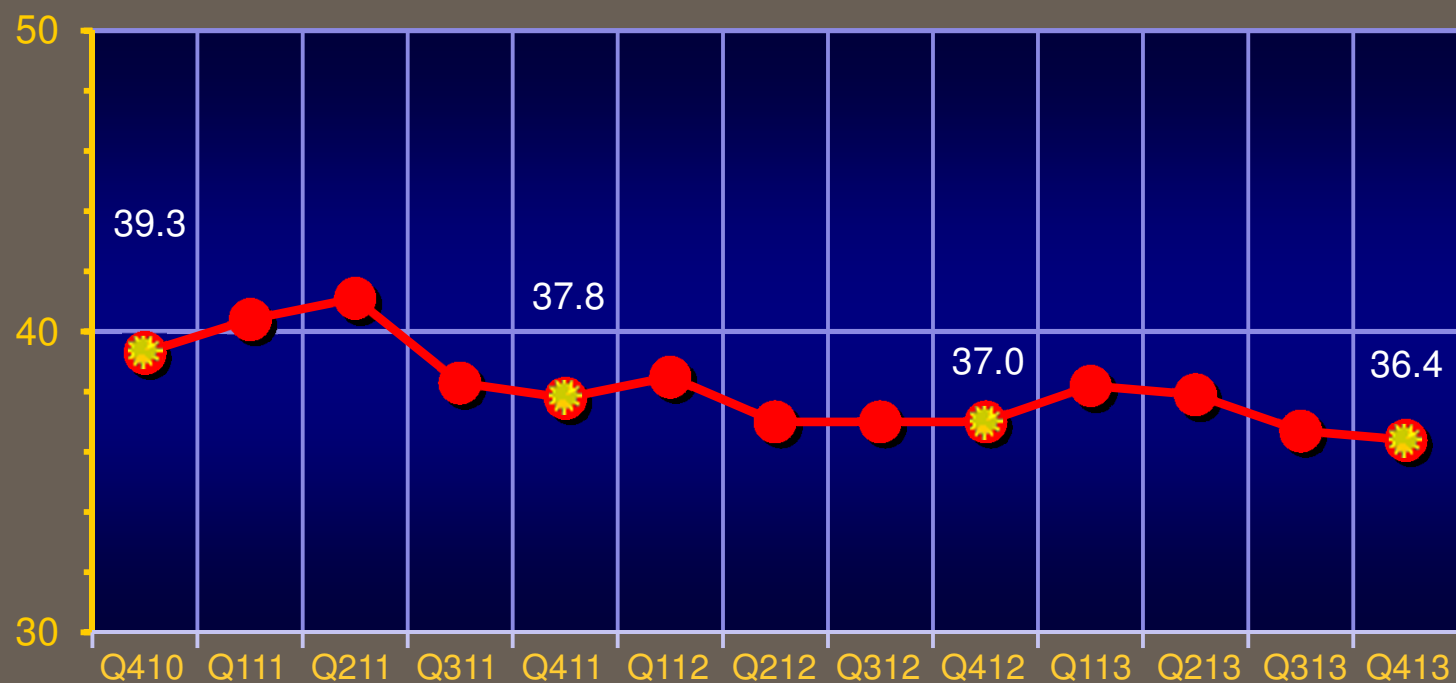
8,170

Net sales

8,646

# Gross profit margin

In percent of sales



# Highlights

SEK millions	October – December 2013
Order intake	8,170
Net sales	8,646
Adjusted EBITA	1,412
Adjusted EBITA-margin	16.3%
Profit before tax	1,201
Earnings per share	2.07
Earnings per share, excl step-up	2.29
ROCE	26.4%
ROE	20.4%

# Cash-flow statement

SEK millions	Q4 2013	Q4 2012	FY 2013	FY 2012
Cash flow from				
- operating activities	1,228	917	4,228	3,586
- investing activities	- 165	- 1,286	- 953	- 3,260
Financial net paid	- 51	- 28	- 102	- 51
Dividend	-	-	- 1,468	- 1,363
Total	1,012	-397	1,705	-1,088
Pro Forma Free cash-flow*	970	712	3,631	3,004

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

# Foreign exchange

Estimated impact on adjusted EBITA from FX fluctuations

SEK million	Q4 13	FY 13	FY 14*
Translation effect	- 17	- 148	- 10
Transaction effect	- 28	- 39	- 50
Total	- 45	- 187	- 60

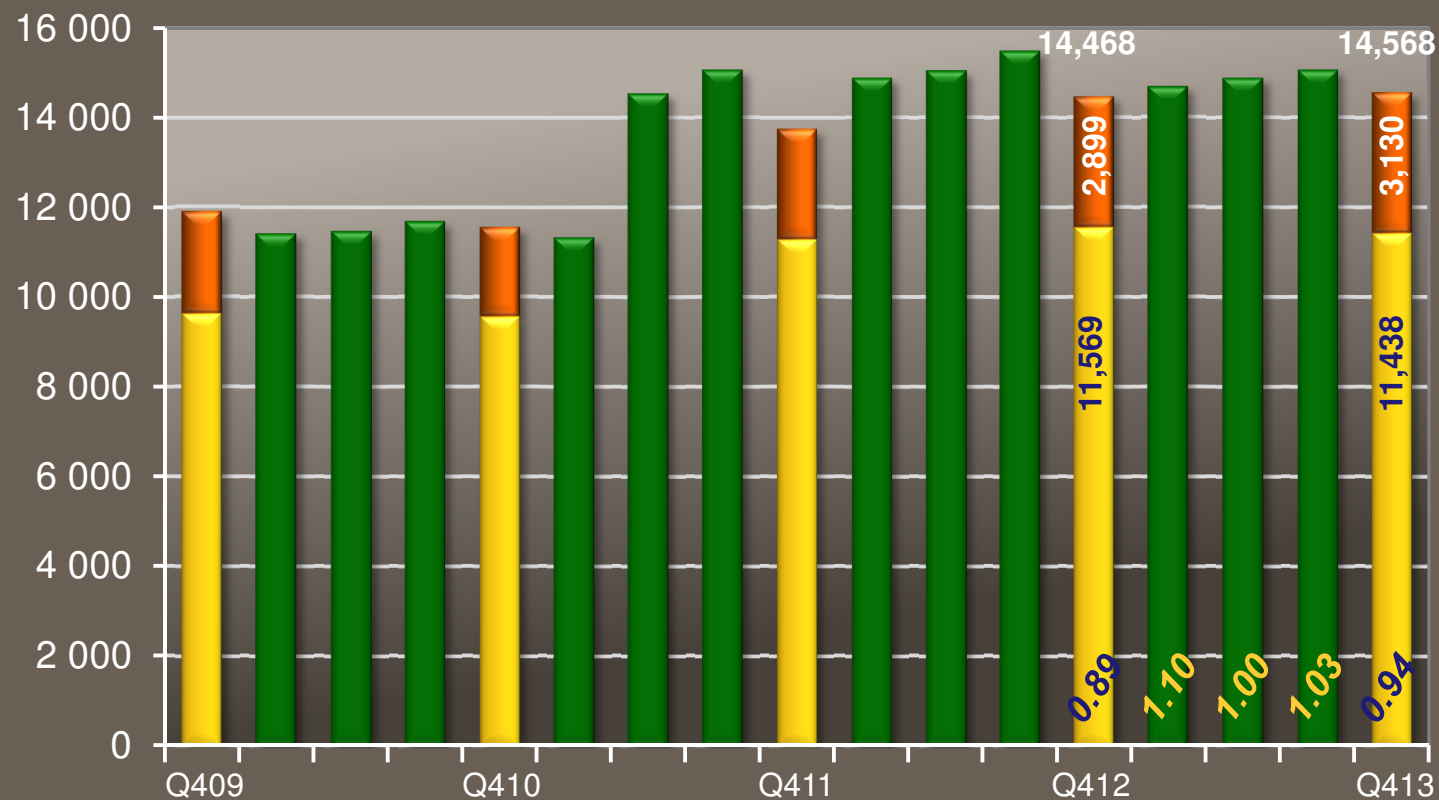
*\*Based on EUR/USD 1.36 and EUR/SEK 8.86*

Projected FX-effect for 2013 as communicated at the CMD: **between SEK -192M and SEK -265M**



# Order backlog as per Dec. 31

SEK millions



For delivery later than 2014  
For delivery in 2014

# Sales

## Full year 2014

	SEK (bln)
Full year 2013	29.9
Order backlog, like-for-like	- 0.2
FX-translation	- 0.1
Acquisitions	+ 0.1
<hr/>	
Subtotal	29.7
Orders "in-for-out"	?
Price	?
<hr/>	
Full year 2014	



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Mr. Lars Renström  
President and CEO  
Alfa Laval Group

# Outlook for the first quarter

*“We expect that demand during the first quarter will be in line with, or somewhat lower than, the fourth quarter.”*



ALFA  
ROMEO

The image features the Alfa Romeo logo in a stylized, white, blocky font on a dark blue background. The logo is composed of two lines of text: "ALFA" on top and "ROMEO" on the bottom. The letters are thick and have a slightly irregular, hand-drawn appearance. A thin white horizontal line runs through the middle of the logo, passing behind the letters. The background is a solid dark blue.

# 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.