



NEWS RELEASE

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Alfa Laval Group
Box 73
SE-221 00 Lund
Sweden
Visit: Rudeboksvägen 1

Tel: +46 46 36 65 00
Fax: +46 46 32 35 79
www.alfalaval.com

Summary of Alfa Laval's Capital Markets Day

Alfa Laval's Capital Markets Day, held today in Copenhagen, Denmark, started with a presentation by Lars Renström, President and CEO. He kicked off by following up on the organization change, implemented at the beginning of the year.

"We have gone from two selling divisions to three and today we have a larger, more transparent and focused Alfa Laval. The change is something which both the Marine & Diesel Division and the Equipment Division has benefitted from," said Lars Renström.

He also talked about the priorities set for the divisions going forward, starting with the Equipment Division where the focus will be to increase the market penetration in a cost-efficient way by going to market through multiple sales channels and e-commerce. Another key area is the aftermarket, where further growth potential is seen. In the Marine & Diesel Division "we see significant potential in environmental solutions and energy efficiency." Finally, the Process Technology Division, where the priority is to focus on energy – both energy production and energy efficiency - environment and capturing growth in fast-growing regions.

Elaborating on Alfa Laval's acquisition strategy he went through its three dimensions. "Our highest priority is to add complementary products in the three core technologies," he said. "Four out of five recent acquisitions have added products that we can sell through our global/local sales organization," he continued. Going forward we expect to find most targets among complementary products in mainly Western Europe and North America. The second dimension is to serve customers by acquiring complementary channels, like last year's acquisition of a channel servicing HSS. "The third dimension is strengthening our presence in certain countries, like the U.S., China and Korea."

In his presentation **Thomas Thuresson, Executive Vice President and CFO**, gave an update on the current funding situation, saying that committed credit facilities totals SEK 9 billion of which SEK 8 billion matures in 5 years or later.

Furthermore he provided an updated guidance on tax. Given that the proposal on cutting corporate income taxes in Sweden is accepted, i.e. taxes are cut to 22 percent from 26.3 percent, the guidance will be adjusted to 28 percent on profit before tax from 2013. A cut would also lead to a positive non-recurring effect of about SEK 100 million in the fourth quarter.

As for foreign exchange, the forecast from the third-quarter report was reiterated. Alfa Laval will have negative currency effects of SEK 155 million for the full year 2012 and for 2013 it is estimated to be positive by some SEK 50 million.

When talking about the savings measures that were initiated in the fourth quarter of 2011, he repeated that the expected full year savings of some SEK 200 million will be met. By the end of the third quarter some SEK 120-130 million had been realized. "Given that the full effects were not seen until the third quarter, and that everything stays the same, we have a further opportunity to realize savings with up to SEK 80 million in Q4 and a further SEK 100 million in the first half of 2013," he said.

Turning over to Capex, Alfa Laval's guidance has for many years been 2.5 percent of sales. "Given our history and the capacity we have built during recent years, we would like to adjust our guidance for Capex to 2.0 percent of sales over the coming years."

Divisional managers Susanne Pahlén Åklundh and Svante Karlsson also gave updates on the development in their respective divisions, describing current trends and activities.

"The Equipment Division is a component-driven transactional business. Easy to do business with is therefore vital for us," said **Susanne Pahlén Åklundh, manager for the Equipment Division**. "We go to market through channels, which is why development of a global network of distributors and other channels is our main focus," she said. She also highlighted the aim to convert most of the business into e-business – the main objective being profitable growth. "We are just about to launch a completely new e-commerce platform which gradually will be rolled out to cover the channel market more efficiently," she said. "Channel management and price management are critical success factors in Equipment Division."

In his presentation **Svante Karlsson, manager for the Process Technology Division**, summarized the development in the first nine months. Talking about oil & gas exploration then "sales this year is well above last year and we see continued investments in this market," Svante Karlsson said. "Our increased sales are not only a result of a good business climate, but also due to new products being launched and also existing products being introduced into new areas such as transportation," he continued. Downstream he talked about how the extremely energy-consuming refinery industry is a good fit for Alfa Laval's efficient heat exchangers. "Overall we have seen growth in our refinery business this year," Svante Karlsson said. Finally he concluded that structural changes like increased living standard, focus on energy savings, waste management and environmental demands are very important for the division, contributing to growth. "Our customers will have to make investments to capitalize on these trends," he said.

Peter Leifland, manager for the Marine & Diesel Division, also gave a presentation. The summary of what he said is included in a separate press release.

All the presentations can be found on www.alfalaval.com – "Investors".

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About Alfa Laval

Alfa Laval is a leading global provider of specialized products and engineering solutions based on its key technologies of heat transfer, separation and fluid handling. The company's equipment, systems and services are dedicated to assisting customers in optimizing the performance of their processes. The solutions help them to heat, cool, separate and transport products in industries that produce food and beverages, chemicals and petrochemicals, pharmaceuticals, starch, sugar and ethanol.

Alfa Laval's products are also used in power plants, aboard ships, in the mechanical engineering industry, in the mining industry and for wastewater treatment, as well as for comfort climate and refrigeration applications. Alfa Laval's worldwide organization works closely with customers in nearly 100 countries to help them stay ahead in the global arena.

Alfa Laval is listed on Nasdaq OMX, and, in 2011, posted annual sales of about SEK 28.6 billion (approx. 3.2 billion Euros). The company has today about 16 000 employees.
www.alfalaval.com

For more information please contact:

Peter Torstensson
Senior Vice President, Communications
Alfa Laval
Tel: + 46 46 36 72 31
Mobile: +46 709 33 72 31

Gabriella Grotte
Investor Relations Manager
Alfa Laval
Tel: +46 46 36 74 82
Mobile: +46 709 78 74 82