



## NEWS RELEASE

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### Summary of Alfa Laval's Capital Markets Day

**Alfa Laval's Capital Markets Day, held today in Lund, Sweden, started with a presentation by Lars Renström, President and CEO. He talked about the journey Alfa Laval has made over the past 10 years, with doubled order intake and considerable growth achieved in several regions.**

Both North America and Asia have shown good growth and "we believe they will outgrow the others going forward," said Lars Renström.

Taking a closer look at the US he talked about areas with growth potential, such as food, oil & gas and wastewater cleaning. The demographic development in the country, for example, supports demand for food in general, as well as health conscious foods and ethnic foods in particular.

Oil and gas is another interesting area in the US. During the period 2010 to 2013, not only will Alfa Laval organically have doubled its exposure, but acquisitions should also be added, lifting the total order intake from USD 36 million to approximately 150 million.

In wastewater treatment the acquisition of Ashbrook Simon-Hartley, with its alternative technologies, means that Alfa Laval now has an unmatched portfolio of products aimed at both the medium and large wastewater treatment plants.

Furthermore Lars Renström talked about why Parts & Service changed name to Service during the year. The action doesn't reflect less focus on parts, but rather an increased attention to services. "Our prime focus is to increase the market share on our own installed base", he said. He emphasized that this is a long-term effort which will involve adding more sales people and field service engineers as well as continuing to develop the service offering and competence.

**The divisional managers** presented their respective areas, including business models, current trends and activities.

**"The Equipment Division** focuses on the repetitive and transactional business and sells millions of standard components every year," said **Susanne Pahlén Åklundh**, divisional head. We only go to market through channels and channel management is

therefore a critical success factor for us since we need to be easy to do business with", she said. "The new e-commerce platform is now up-and-running in several countries and the roll-out is set to continue. It creates value to our partners and is a cost-efficient way for us to improve our global coverage." Another key ingredient for success is price management, with transactional price managers in the central segments as well as locally, in the sales companies.

In his presentation **Svante Karlsson, manager for the Process Technology Division**, summarized the development in the first nine months for the individual segments. When talking about the segment Energy & Environment, he elaborated on the oil and gas business, describing Alfa Laval's offering for the up- and midstream markets; drilling, processing and transportation. The exposure towards these areas, on a rolling 12 month basis, totals some EUR 280 million which partly includes the acquired ACE as well as Niagara Blower, in the midstream market. Moving over to the segment Process Industry he described the downstream offering - targeting refineries and petrochemicals – a part which is now at a level of another EUR 270 million.

**Peter Leifland, head of the Marine & Diesel Division**, talked about the development in the marine market and pointed out that orders for energy-related, as well as environmental, products accounted for a third of order intake of marine capital equipment during the first nine months. Looking specifically at ballast water treatment then it is "positive that 50 percent of all new ships now install these systems." He added that Alfa Laval's order intake for BWT rose more than 30 percent in the first nine months. "The product has a leading position in the market and we have now booked orders for some 500 systems". He reiterated last year's statement on the long-term market potential, including the one for SO<sub>x</sub>.

**Thomas Thuresson, Executive Vice President and CFO**, gave an update on how the upcoming change of IFRS will lead to a change in the disclosure of joint venture activities affecting both the P&L and the balance sheet. "This will have an impact on Alfa Laval because of the joint venture Alfdex and at a later stage, possibly also AlfaWall," he said. "The expected impact on orders and sales from Alfdex is estimated to be a negative SEK 200 million in 2014." Furthermore he gave an update on guidance, reiterating the 28 percent tax rate on profit before tax and capex in relation to sales of up to 2 percent. The guidance on R&D spend, as a percentage of sales, will stay at 2.5 percent and step-up on goodwill amortization will be roughly SEK 140 million on a quarterly basis.

All the presentations can be found on [www.alfalaval.com](http://www.alfalaval.com) – "Investors".

## **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 2012, posted annual sales of about SEK 29.8 billion (approx. 3.5 billion Euros). The company has today about 16 400 employees.

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