

Report for Q2 2021

Tom Erixon

President and CEO

Alfa Laval Group

Key figures

– MSEK



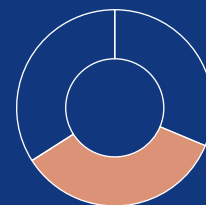
	Q2 2021	Q2 2020	Tot Δ, %	Organic Δ, %*
Order intake	12,183	9,749	25	33
Net sales	9,975	10,455	-5	2
Adjusted EBITA**	1,738	1,802	-4	
Adjusted EBITA-margin (%)	17.4	17.2		

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

**) Positive currency effect SEK 20 million (155)

Food & Water division

– Highlights and comments, MSEK



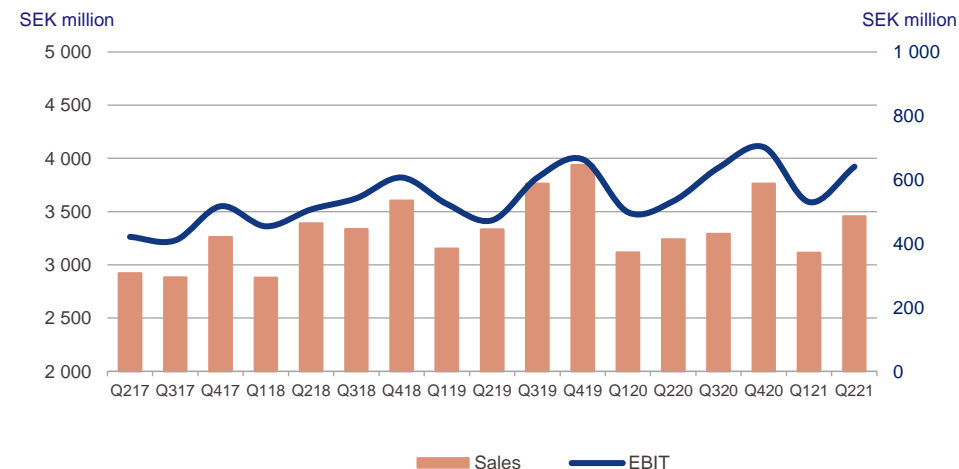
MARKETS & ORDER INTAKE

- Record high order intake.
- Demand strong across most areas in the division.
- Larger CAPEX projects booked, especially in sustainability applications.
- Solid growth in service.

	Q2 21	Q2 20	Tot Δ, %	Org Δ, %	Q1 21
ORDERS	4,554	3,396	34.1	45.4	3,612
SALES	3,458	3,241	6.7	15.5	3,118
EBIT	641	533			498
EBIT (%)	18.5	16.4			16.0

PROFITABILITY (EBIT)

- Profitability improved due to positive volume and mix.



Energy division

– Highlights and comments, MSEK



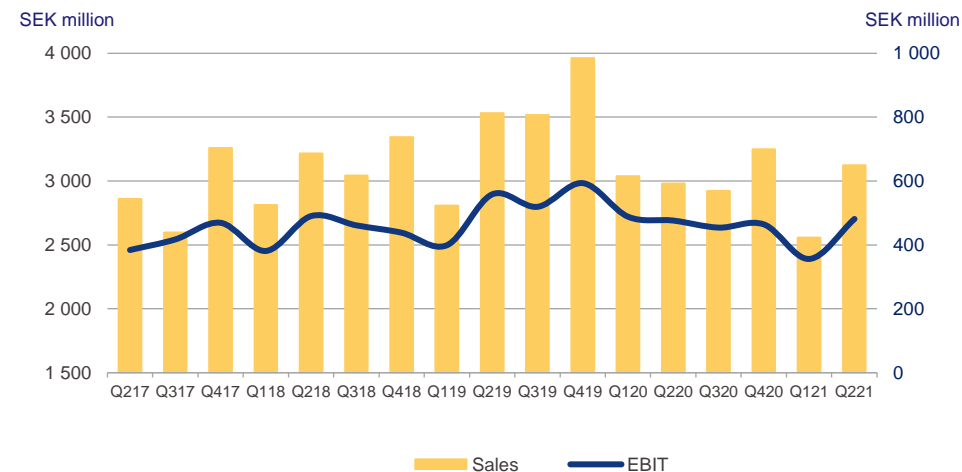
MARKETS & ORDER INTAKE

- Record high order intake in HVAC.
- Higher project activity in the Power and Process industries.
- Service returned to growth across most industries, including in Oil & Gas.

	Q2 21	Q2 20	Tot Δ, %	Org Δ, %	Q1 21
ORDERS	3,553	3,279	8.4	16.3	3,197
SALES	3,123	2,979	4.8	12.4	3,039
EBIT	481	476			488
EBIT (%)	15.4	16.0			16.1

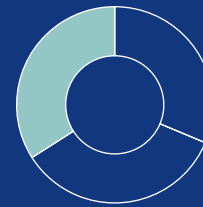
PROFITABILITY (EBIT)

- Operating margin overall stable although somewhat negatively impacted by higher raw material and freight costs.



Marine division

– Highlights and comments, MSEK



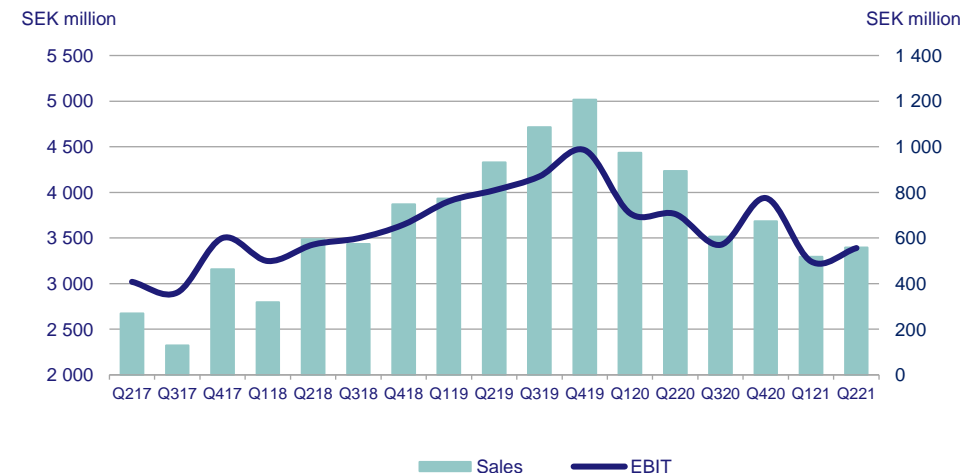
MARKETS & ORDER INTAKE

- Yard contracting continued to improve.
- The sustainability toolbox was strengthened by StormGeo, Oceanbird and MPS.
- Service returned to growth in most areas.

PROFITABILITY (EBIT)

- Operating margin was supported by the restructuring program.

	Q2 21	Q2 20	Tot Δ, %	Org Δ, %	Q1 21
ORDERS	4,076	3,074	32.6	35.8	5,068
SALES	3,394	4,235	-19.9	-16.8	4,433
EBIT	556	705			708
EBIT (%)	16.4	16.6			16.0

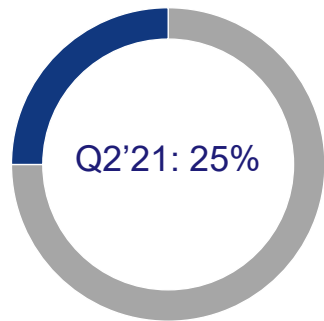


Service, by division

– Order intake Q2, share and development



ENERGY

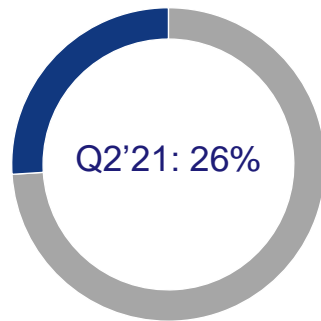


Organic growth



YoY

FOOD & WATER

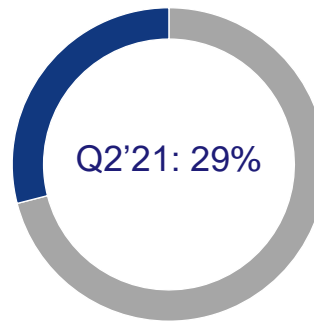


Organic growth



YoY

MARINE



Organic growth



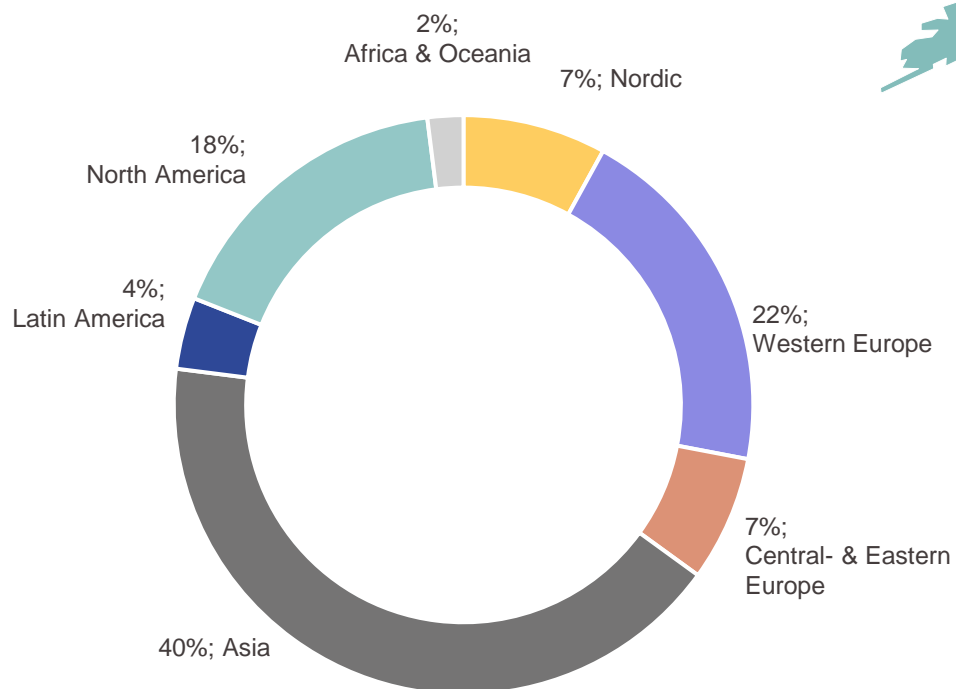
YoY

 = Service share of total order intake

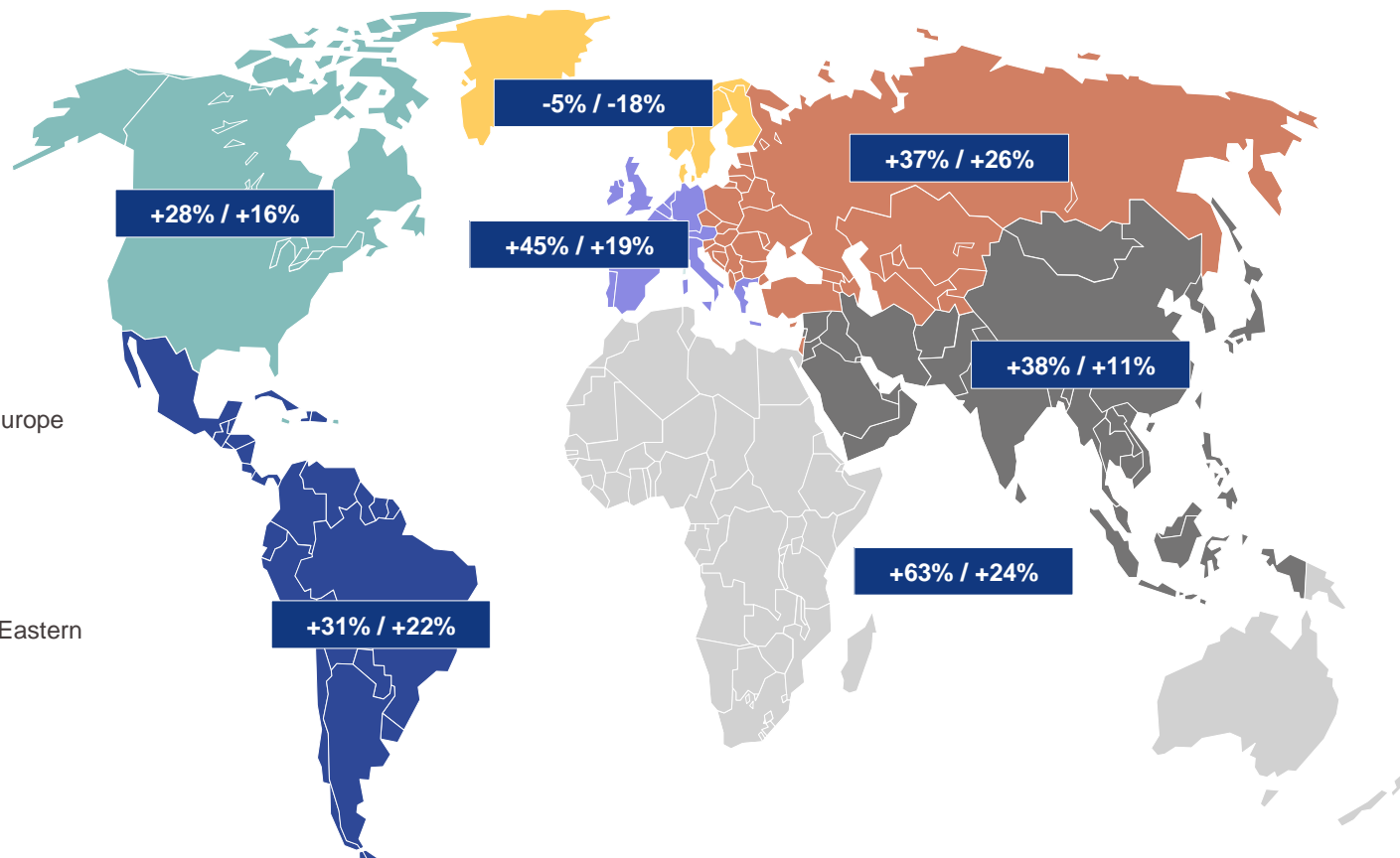


Orders received by region

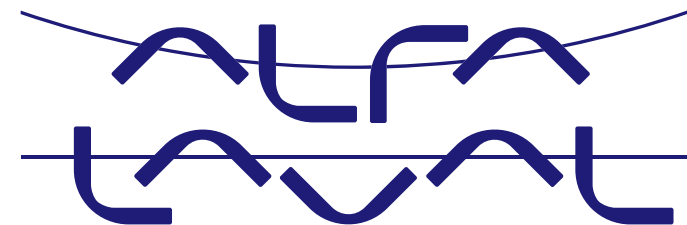
– Development Q2 2021 vs Q2 2020, at fixed rates



Share %: Jan – Jun 2021



vs Q2-20 / YTD 2020



Report for Q2 2021

Jan Alde
CFO
Alfa Laval Group

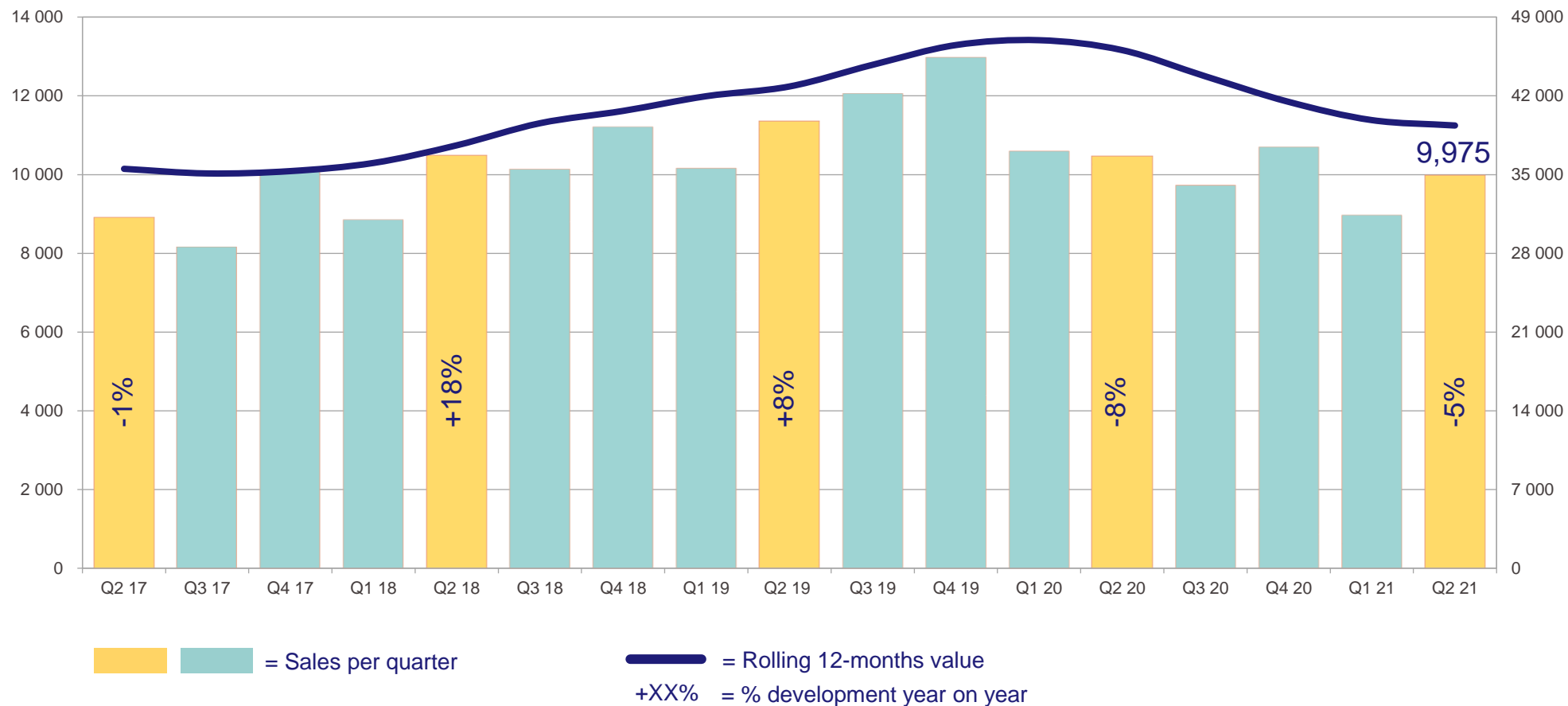
Sales

– MSEK



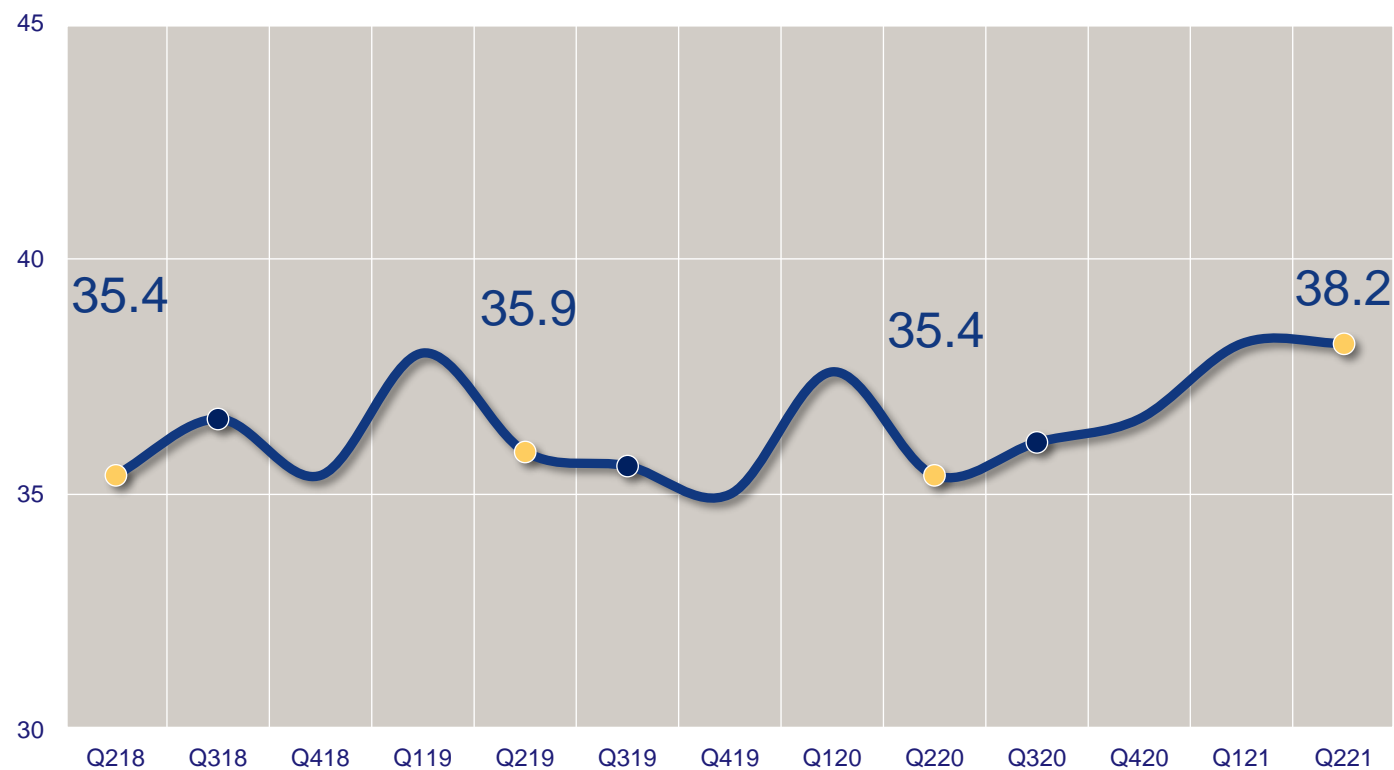
SEK million

SEK million R 12



Adjusted gross margin

– In percent of sales



Q2 2020	35.4
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Mix/price	+
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Load/volume	+
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PPV/metals	-
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FX	+
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Structure	=
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Q2 2021	38.2
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S&A Expense development

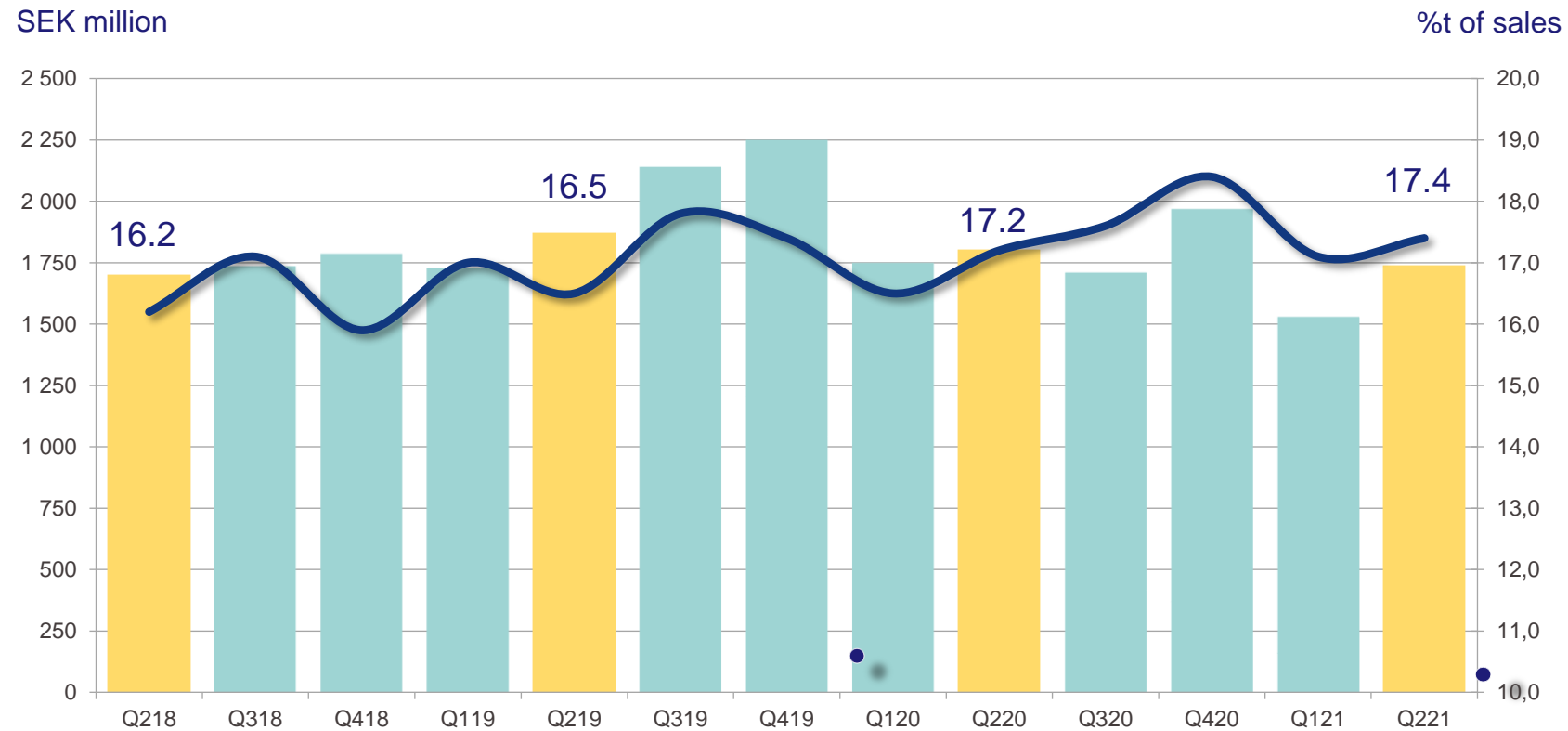
– MSEK



	Q2 2021	Q2 2020	Tot Δ, %	YTD 2021	YTD 2020	Tot Δ, %
Sales costs	1,110	1,002	10.8%	2,129	2,159	-1.4%
Admin costs	504	446	13.0%	940	959	-2.0%
Total S&A costs	1,614	1,448	11.5%	3,069	3,118	-1.6%
Excl. FX impacts and acq./divestments			14.9%			3.7%

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."

Key figures

– MSEK



	Q2 2021	Q2 2020
Sales	9,975	10,455
Gross profit	3,616	3,483
Sales & Admin	-1,614	-1,488
R&D	-286	-251
Net other cost/income	-390	-211
Operating income	1,344	1,580
Financial net	-113	-166
Profit before tax	1,231	1,414
Taxes	-246	-359
EPS	2.32	2.49

Cash-flow statement

– MSEK



	Q2 2021	Q2 2020	YTD 2021	YTD 2020
EBITDA	2,006	2,091	3,804	4,099
Working Capital	-193	1,012	-236	557
Taxes paid	-392	-259	-1,184	-853
Cash flow from operating activities	1,421	2,844	2,384	3,803
Capital expenditures	-172	-192	-438	-399
Disposals	1	-1	26	131
Acquisitions	-3,588	-	-3,601	-8
Cash flow from investing activities	-3,759	-193	-4,013	-276
Financial net paid	-3	-26	87	-373
Cash flow	-2,341	2,625	-1,542	3,154
Free cash flow*	1,246	2,626	2,033	3,031

*) Incl. cash flow from operating activities, capital expenditure and financial net paid.

Foreign exchange



– Estimated impact on adjusted EBITA from FX fluctuations, MSEK

	Q2 2021	FY 2021	FY 2022*
Transaction effect	30	80	-205
Translation effect	-60	-130	-
Total	-30	-50	-205

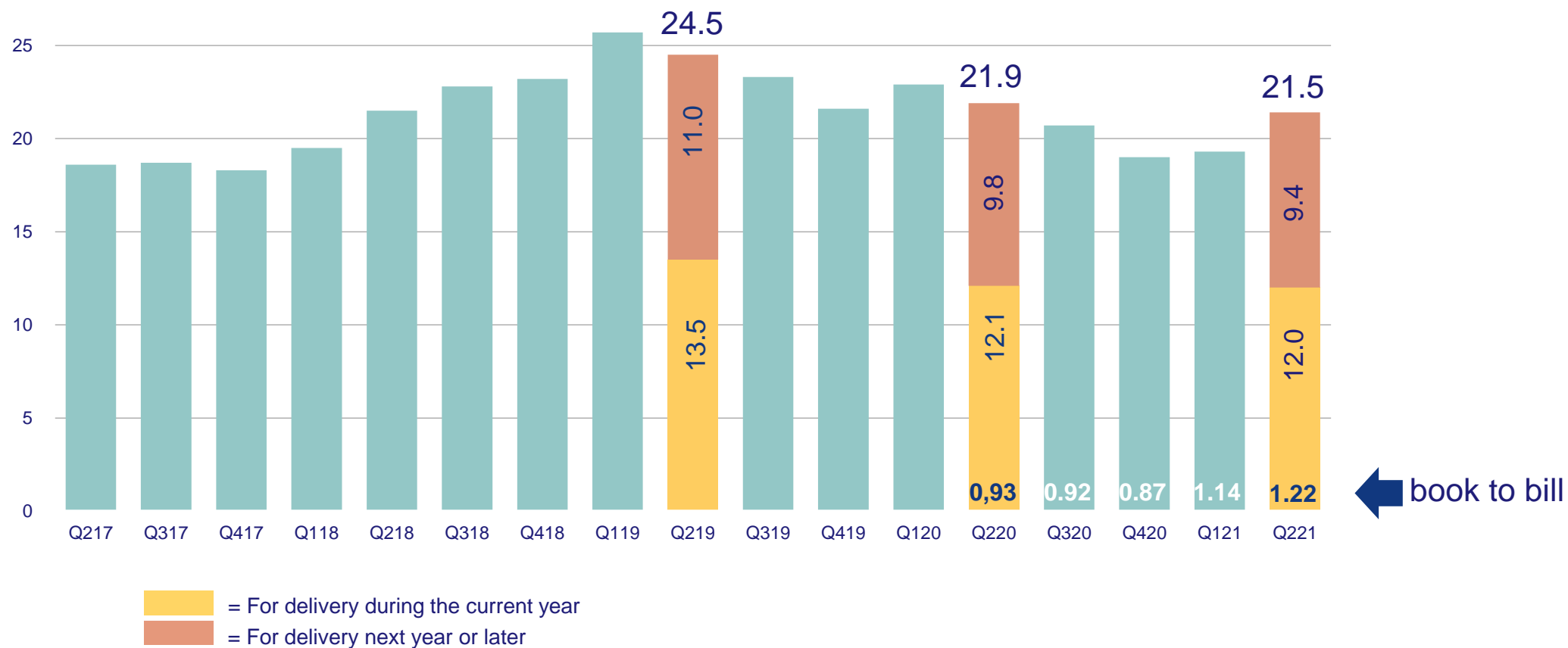
Note: Excludes FX effects caused by revaluation of balance items in foreign currency.

*) Based on EUR/USD 1.193 and EUR/SEK 10.138

Projected FX-transaction effect for 2021 communicated in Q1 2021 report: SEK 100 million

Order backlog as per June 30

– SEK billion



Sales

– FY 2021, SEK billion



YTD Sales	18.9
Backlog, for delivery current year	12.0
Subtotal	30.9

For you to consider:

Price

“In-for-out”*

FX translation

Acquisitions

Full year 2021

*IFO in Q3-Q4 2020 excluding acquisitions/divestments was SEK 8.3 bln.

Outlook for the third quarter:

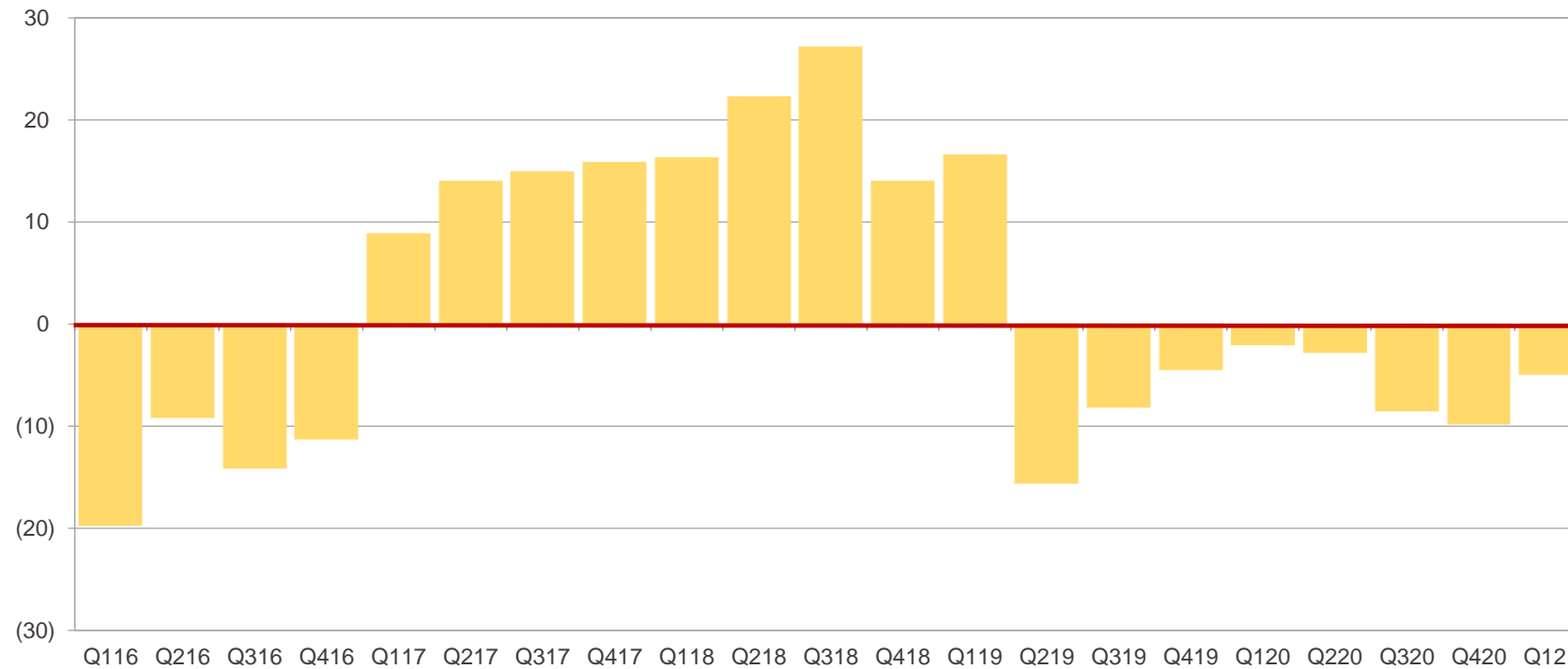
“We expect demand in the third quarter to be somewhat lower compared to the second quarter.”



Organic growth pace



– Compared with same quarter last year (%), excluding currency effects



 = Order intake growth

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.

