



NEWS RELEASE

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Alfa Laval's Capital Markets Day – summary of the business updates

Alfa Laval's Capital Markets Day, held today in Copenhagen, Denmark, started off with a business update by Lars Renström, President and CEO of the Alfa Laval Group. In his presentation he touched upon the different factors that will affect Alfa Laval's prospects to maintain profitable growth in the years to come.

There are a number of key factors that will contribute to driving the company's growth ahead, said **Lars Renström**. Alfa Laval's leading positions in three, key technologies and its focus on R&D to ensure that the position is maintained, the closeness to its customers on a global scale and the short pay-back time customers can achieve by choosing Alfa Laval's products. These factors, together with a strategic plan for M&A, are significant for the company's ability to capitalize on structural changes involving energy, the environment and food, and maintain a profitable growth. Alfa Laval's annual growth for the period 2002 to 2009 averages 8 percent.

Lars Renström also talked about the importance of having a good foothold in the world's fast-growing economies, which made up for about 45 percent of Alfa Laval's order intake in the first nine months. Roughly half of that related to BRIC. Lars Renström said: "Of our top three markets, China and India is number two and number three." Hence, Alfa Laval already has a strong foothold in China, especially in the coastal regions, supplying products to customers located there as well as inland. To further develop Alfa Laval's presence in the country the plan is to "go west" and strengthen the footprint in the inner parts of the country.

Thomas Thuresson, Executive Vice President and CFO, started off his presentation by commenting on the trend of building up resources in the faster growing economies while focusing on enhancing efficiency in more established regions. A development "we believe will continue." He also talked about profitability still being on a level comparable to the record years, despite another year of declining sales and concluded that "productivity is always on the agenda."

Furthermore he highlighted that capital expenditure will pick up next year compared with the SEK 400 million expected for 2010 as the company continues to focus on new

products and increasing and relocating capacity among other things. Guiding for sales in 2011 he pointed out that the order backlog as per September 30th, for delivery in 2011, was almost SEK 2 billion lower than at the corresponding time 2009 and guiding for foreign exchange he said a headwind of SEK 340 million can be expected.

As for the strengthening of the gross profit margin in 2010, this is explained by both positive currency and mix effects, of 2 percent and nearly 1 percent respectively. "For the remaining part of 2010 and also in 2011, and based on certain assumptions*, Alfa Laval expects an adverse impact on the gross profit margin from currencies of at least one percent," said Thomas Thuresson.

Divisional managers Susanne Pahlén Åklundh and Svante Karlsson also gave updates on their respective divisions and described some ongoing trends and activities within individual segments.

"We see a good development, coming from an improved business climate and a higher activity level," said **Susanne Pahlén Åklundh, manager for the Equipment division**. "The division's positive development is also a result of a high number of product launches and a consistent focus on channel management, which means both development of distributors and our key customers." She highlighted the environmental trends in the Marine market and also mentioned that forecasters expect contracting levels to reach 1 500 vessels this year. The 2 000 level is not expected to be reached until 2015. Furthermore Susanne Pahlén Åklundh talked about the new structure, with the Industrial Equipment segment, which has "improved our product and market focus and also led us to refine our business models in the different segments."

In his presentation **Svante Karlsson, manager for the Process Technology division**, highlighted Alfa Laval's involvement in the development of the world's largest post-combustion CCS plant (Carbon Capture and Storage). "This project is the first in a wave of large-scale demonstration projects, paving the way for full scale CCS implementation in 2015 and beyond." The benefits of CCS are that it reduces the amount of carbon dioxide released in the atmosphere and when injected in the ground, the carbon dioxide can also enhance oil recovery when drilling for oil. The downside is that it is energy intensive. That's why Alfa Laval's highly efficient plate heat exchangers are important; they play a vital role in reducing the losses in electric output.

**Based on a EUR/SEK of 9:30 and a EUR/USD of 1:38*

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 the Nordic Exchange, Nordic Large Cap, and, in 2009, posted annual sales of about SEK 26 billion (approx. 2.45 billion Euros). The company has 11 400 employees.

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