



Q2 2022

Record high order intake

- Record high order intake of SEK 14.4 billion with continued strong demand in most end-markets.
- Organic sales growth of 9 percent despite supply chain challenges.
- Stable adjusted EBITA margin of 16.5 percent.
- Cash flow negatively impacted by volume growth and inventory build-up.

Outlook for the third quarter

"We expect demand in the third quarter to be somewhat lower than in the second quarter."

Earlier published outlook (April 26, 2022):
"We expect demand in the second quarter to be somewhat lower than in the first quarter."

The Q2 2022 report has not been subject to review by the company's auditors.

Summary

SEK millions	Q2				Jan-Jun			
	2022	2021	%	% *	2022	2021	%	% *
Order intake	14,421	12,183	18	10	27,676	22,387	24	16
Net sales	11,852	9,975	19	10	22,467	18,944	19	11
Adjusted EBITA **	1,959	1,738	13		3,775	3,268	16	
- adjusted EBITA margin (%) **	16.5	17.4			16.8	17.3		
Result after financial items	1,576	1,231	28		2,836	2,714	4	
Net income for the period	1,152	985	17		2,084	2,097	-1	
Earnings per share (SEK)	2.75	2.32	19		4.97	4.96	0	
Cash flow from operating activities	192	1,421	-86		959	2,384	-60	
Impact on adjusted EBITA of foreign exchange effects	90	-30			130	-100		
Impact on result after financial items of comparison distortion items	-	-204			-327	-192		
Return on capital employed (%) **					19.1	18.0		
Net debt to EBITDA, times **					1.09	1.14		

* Excluding currency effects. ** Alternative performance measures.



Comment from

Tom Erixon

President and CEO

"Demand in almost all end-markets remained strong during the second quarter and order intake grew to a new record level of SEK 14.4 billion. The transactional business as well as service were driving the growth in all major geographies. Cleantech applications developed well in the quarter, including early indications of growth in areas like hydrogen and carbon capture. In addition, the increased investments in natural gas and offshore resulted in a solid order intake in the Oil & Gas segment. The Marine Division had a strong quarter with order intake of SEK 4.9 billion, matching previous record levels. While ship contracting at the yards decreased somewhat, the new applications supporting the decarbonization of the merchant fleet more than compensated for fewer newbuild ships.

Invoicing grew 9 percent organically compared to last year despite challenging conditions in global supply chains, reflecting a small improvement in the operating conditions. Still there are remaining bottlenecks and the inventory levels continued to increase in the quarter. The situation is expected to gradually improve during the rest of 2022.

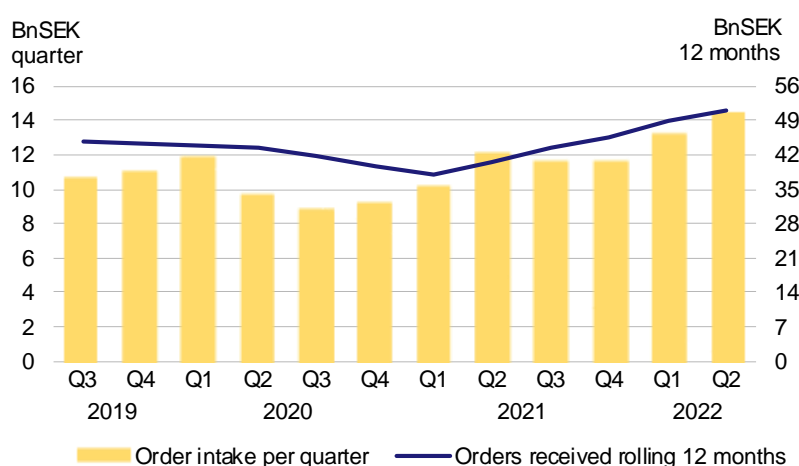
Although impacted by recent cost inflation and commodity prices the Group adjusted EBITA margin was stable at 16.5 percent. Price adjustments to adapt to new cost levels have continued and the divisional volatility seen during the first half of 2022 is expected to gradually stabilize going forward as the balance between order backlog, cost and pricing improves.

Short-term, the demand in most markets is expected to remain at a good level. Given the global macro-economic uncertainty, Alfa Laval remains very vigilant regarding possible changes in global demand. We remain committed to invest in both technology and manufacturing also in a weaker market environment and will continue to support the transition to an even broader and stronger sustainability portfolio over the next 3-5 years. With an order book of SEK 30 billion and a good ability to adjust in a possible business downturn, the company is well prepared for the years to come."

Tom Erixon,
President and CEO

Financial overview

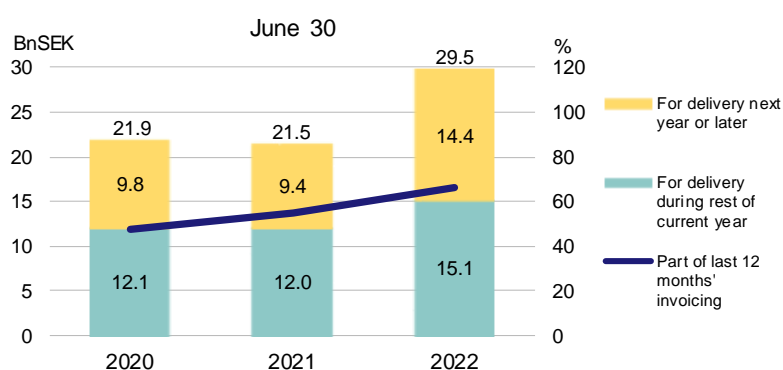
Order intake



Orders received was SEK 14,421 (12,183) million in the second quarter and SEK 27,676 (22,387) million in the first six months 2022. Order backlog of SEK 53 million in the second quarter and SEK 655 million in the first six months 2022 relating to the sanctions against Russia has been cancelled.

Orders received from Service constituted 28.6 (24.9) percent of the Group's total orders received during the second quarter and 29.1 (27.1) percent during the first six months 2022.

Order backlog



Excluding currency effects and adjusted for acquisition and divestment of businesses the order backlog was 28.4 percent higher than the order backlog at June 30, 2021 and 21.1 percent higher than the order backlog at the end of 2021.

Net sales

Net invoicing was SEK 11,852 (9,975) million for the second quarter and SEK 22,467 (18,944) million for the first six months 2022.

Net invoicing relating to Service constituted 31.7 (29.1) percent of the Group's total net invoicing in the second quarter and 31.2 (29.3) percent in the first six months 2022.

Order bridge		
SEK millions/%	Q2	Jan-Jun
2021	12,183	22,387
Organic ¹⁾	8.7%	14.0%
Structural ¹⁾	1.3%	1.6%
Currency	8.4%	8.0%
Total	18.4%	23.6%
2022	14,421	27,676

1) Change excluding currency effects.

Order bridge Service		
SEK millions/%	Q2	Jan-Jun
2021	3,037	6,056
Organic ¹⁾	19.8%	17.5%
Structural ¹⁾	4.9%	6.0%
Currency	11.3%	9.5%
Total	36.0%	33.0%
2022	4,129	8,057

1) Change excluding currency effects.

Sales bridge		
SEK millions/%	Q2	Jan-Jun
2021	9,975	18,944
Organic ¹⁾	8.7%	9.1%
Structural ¹⁾	1.5%	1.9%
Currency	8.6%	7.6%
Total	18.8%	18.6%
2022	11,852	22,467

1) Change excluding currency effects.

Sales bridge Service		
SEK millions/%	Q2	Jan-Jun
2021	2,908	5,551
Organic ¹⁾	13.5%	11.1%
Structural ¹⁾	5.1%	6.3%
Currency	10.8%	9.3%
Total	29.4%	26.7%
2022	3,763	7,031

1) Change excluding currency effects.

- Organic: change excluding acquisition/divestment of businesses.
- Structural: acquisition/divestment of businesses.
- Service: Parts and service.

Income analysis

	Q2		Jan-Jun		Jan-Dec	Last 12
SEK millions	2022	2021	2022	2021	2021	months
Net sales	11,852	9,975	22,467	18,944	40,911	44,434
Adjusted gross profit *	4,478	3,806	8,624	7,231	15,306	16,699
- adjusted gross margin (%) *	37.8	38.2	38.4	38.2	37.4	37.6
Expenses **	-2,226	-1,788	-4,198	-3,403	-7,001	-7,796
- <i>in % of net sales</i>	18.8	17.9	18.7	18.0	17.1	17.5
Adjusted EBITDA *	2,252	2,018	4,426	3,828	8,305	8,903
- <i>adjusted EBITDA margin (%) *</i>	19.0	20.2	19.7	20.2	20.3	20.0
Depreciation	-293	-280	-651	-560	-1,191	-1,282
Adjusted EBITA *	1,959	1,738	3,775	3,268	7,114	7,621
- adjusted EBITA margin (%) *	16.5	17.4	16.8	17.3	17.4	17.2
Amortisation of step-up values	-215	-190	-429	-392	-796	-833
Comparison distortion items	-	-204	-327	-192	-192	-327
Operating income	1,744	1,344	3,019	2,684	6,126	6,461

* Alternative performance measures. ** Excluding comparison distortion items.

The gross profit has been affected positively by a higher sales volume and the mix between service and capital sales.

Sales and administration expenses were SEK 1,950 (1,614) million during the second quarter and SEK 3,751 (3,069) million during the first six months 2022. The figures for the first six months corresponded to 16.7 (16.2) percent of net sales. Excluding currency effects and acquisition/divestment of businesses, sales and administration expenses increased by 11.8 percent during the second quarter and by 11.5 percent during the first six months 2022 compared to the corresponding periods last year. The increase is reflecting that the activity level now is returning to more normal levels after the pandemic, except for travelling.

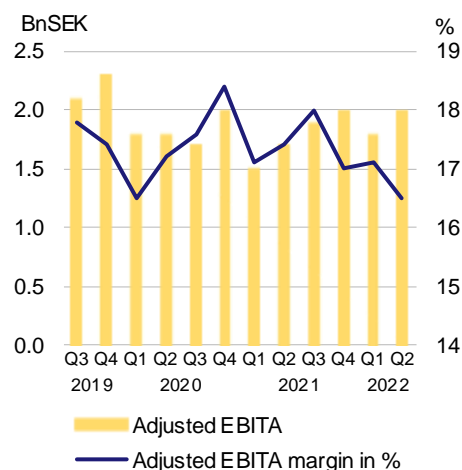
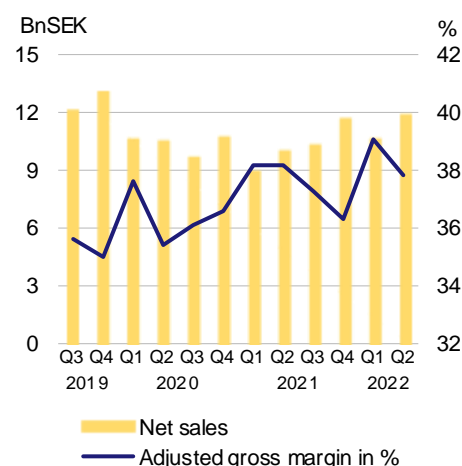
The costs for research and development during the second quarter 2022 corresponded to 2.9 (2.9) percent of net sales. Excluding currency effects and acquisition/divestment of businesses, the costs for research and development increased by 2.0 percent during the second quarter and by 2.6 percent during the first six months 2022 compared to the corresponding periods last year.

Earnings per share was SEK 4.97 (4.96) for the first six months 2022. The corresponding figure excluding amortisation of step-up values and the corresponding tax, was SEK 5.81 (5.73).

Comparison distortion items

	Q2		Jan-Jun		Jan-Dec	Last 12
SEK millions	2022	2021	2022	2021	2021	months
Other operating income						
Comparison distortion items:						
- Realised gain on sale of businesses	-	-	-	3	3	-
- Realised gain on sale of properties	-	-	-	9	9	-
Other operating costs						
Comparison distortion items:						
- Provision for financial consequences of Russia's war on Ukraine	-	-	-327	-	-	-327
- Restructuring costs	-	-204	-	-204	-204	-
Net comparison distortion items	-	-204	-327	-192	-192	-327

The comparison distortion items during the first six months 2022 are relating to costs triggered by Russia's war on Ukraine and are described on pages 24-25. The comparison distortion items during the first six months 2021 were



relating to the final step in the restructuring program that was started during the fourth quarter 2020 and the realised gains on the sale of the remaining air heat exchanger operation in India to LU-VE and on the sale of a property in India.

Consolidated financial net and taxes

The financial net for the first six months 2022 was SEK -131 (-70) million, excluding realised and unrealised exchange rate losses and gains. The main elements of costs were interest on the debt to the banking syndicate of SEK -3 (-8) million, interest on the bilateral term loans of SEK - (-2) million, interest on the corporate bonds of SEK -79 (-41) million, interest on the commercial paper programme of SEK -0 (-0) and a net of dividends, changes in fair value and other interest income and interest costs of SEK -49 (-19) million. The net of realised and unrealised exchange rate differences was SEK -52 (100) million.

The tax on the result after financial items was SEK -424 (-246) million in the second quarter and SEK -752 (-617) million in the first six months 2022.

Cash flow

During the first six months 2022 cash flows from operating and investing activities were SEK 387 (-1,629) million. The figure for 2022 has been burdened with SEK -2,299 (-712) million for build-up of inventories to secure our ability to deliver whereas 2021 was burdened by the acquisition of StormGeo, see below.

Depreciation, excluding allocated step-up values, was SEK 651 (560) million during the first six months 2022.

Acquisition of businesses during the first six months 2022 amount to SEK -4 (-3,601) million. The figure for 2022 is relating to payment of withheld purchase price for the acquisition of Airec with SEK -4 million. The figure for 2021 was relating to the acquisition of StormGeo with SEK -3,588 million, payment of withheld purchase price for the acquisition of Airec with SEK -8 million and additional purchase price for the acquisition of Aalborg AS with SEK -5 million.

Divestment of businesses during the first six months 2022 amount to SEK - (8) million. The figure for 2021 was relating to additional purchase price concerning the sale of the remaining air heat exchanger operation in India to LU-VE.

Key figures

	Jun 30		Dec 31
	2022	2021	2021
Return on capital employed (%) ¹⁾	19.1	18.0	20.0
Return on equity (%) ²⁾	15.1	11.5	15.8
Solidity (%) ³⁾	46.4	46.8	50.3
Net debt to EBITDA, times ¹⁾	1.09	1.14	0.87
Debt ratio, times ¹⁾	0.29	0.28	0.22
Number of employees ⁴⁾	18,574	17,555	17,883

1) Alternative performance measure.

2) Net income in relation to average equity, calculated on 12 months' revolving basis, expressed in percent.

3) Equity in relation to total assets at the end of the period, expressed in percent.

4) At the end of the period.

The increase in number of employees from the first six months 2021 to the first six months 2022 is explained by an increased activity level.

Energy Division

The division targets customers in HVAC and refrigeration markets as well as process industries such as chemicals, petrochemical industry and the oil & gas industry.

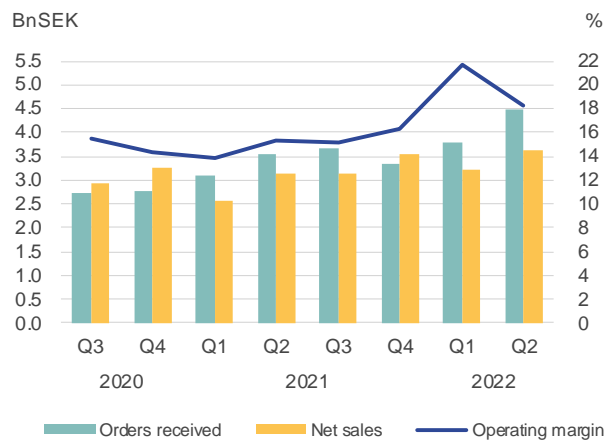
Focus is on increased energy efficiency, waste heat recovery and sustainable solutions.

- Record high order intake.
- Growth driven by ongoing energy efficiency initiatives and improved demand in gas production.
- All-time high service orders.
- The improvement in operating margin was mainly driven by higher volumes and price increases.

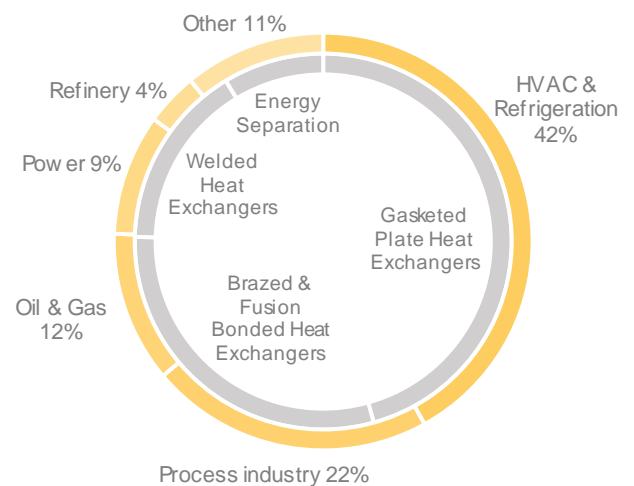
SEK millions	Q2		Jan-Jun		Jan-Dec	Last 12 months
	2022	2021	2022	2021	2021	
Orders received	4,496	3,553	8,304	6,654	13,675	15,325
Order backlog*	7,625	5,436	7,625	5,436	5,791	7,625
Net sales	3,639	3,123	6,848	5,681	12,383	13,550
Operating income**	665	481	1,362	837	1,897	2,422
Operating margin***	18.3%	15.4%	19.9%	14.7%	15.3%	17.9%
Depreciation and amortisation	122	106	240	204	433	469
Investments****	103	72	220	126	403	497
Assets*	16,188	13,349	16,188	13,349	13,262	16,188
Liabilities*	6,387	6,003	6,387	6,003	5,252	6,387
Number of employees*	5,266	5,124	5,266	5,124	5,126	5,266

* At the end of the period. ** In management accounts. *** Operating income in relation to net sales. **** Excluding new leases.

Quarterly development



Order intake Jan-Jun 2022 split per end market*/business unit



* "Process industry" consists of inorganic chemicals, metals, petrochemicals and pulp & paper and "other" consists mainly of manufacturing and mining.



Order intake*

The Energy Division reported high growth in the second quarter compared to the same quarter last year. Demand remained strong for energy efficiency solutions across most end markets and the service business developed in a positive way. Demand was strong across most geographical markets, particularly in North America and Western Europe driven by increased demand for clean energy and energy efficiency solutions. Although underlying demand remained positive in China, demand was negatively impacted by the COVID lockdowns and order intake was lower than the same quarter last year.

For the largest end market, HVAC** & refrigeration, order intake increased further from the record level in the previous quarter and was well above the same quarter last year driven by continued high demand for heat pumps, heating & cooling, cooling of datacentres and refrigeration solutions. Demand from customers in oil & gas also increased in the quarter, mainly driven by higher activity level in gas production. The power sector also experienced a strong demand in the quarter. Overall volumes in the heavy process industries remained flat. Demand from customer in the petrochemical industry was higher whereas other sectors like inorganic chemicals and metal manufacturing was somewhat lower than the same quarter a year ago. Investments in the refinery sector remained on a low level.

Service grew well in the quarter. A positive development was noted across most industries and geographical markets.

Net sales

Net sales grew in almost all end markets, despite some remaining capacity constraints and supply chain challenges. Service sales grew faster than capital sales.

Operating income

The increased net sales in the quarter gave a positive volume effect. Despite increased raw material costs, the mix effect was positive due to price increases and a higher service share. The overhead costs increased due to increased sales activities and inflationary pressure. Currency had a small positive impact.

* Comments excluding currency effects.

** Heating, Ventilation & Air Conditioning.

Order bridge

SEK millions/%	Q2	Jan-Jun
2021	3,553	6,654
Organic ¹⁾	18.0%	17.1%
Structural ¹⁾	-	-
Currency	8.5%	7.7%
Total	26.5%	24.8%
2022	4,496	8,304

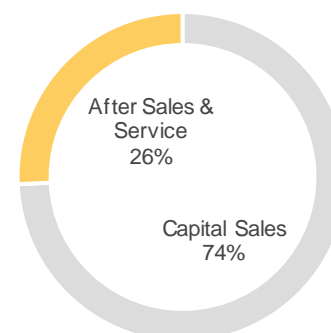
1) Change excluding currency effects.

Sales bridge

SEK millions/%	Q2	Jan-Jun
2021	3,123	5,681
Organic ¹⁾	7.6%	12.5%
Structural ¹⁾	-	-
Currency	8.9%	8.0%
Total	16.5%	20.5%
2022	3,639	6,848

1) Change excluding currency effects.

Order intake Jan-Jun 2022 split on:



Income bridge

SEK millions	Q2	Jan-Jun
Operating income 2021	481	837
Volume ¹⁾	83	249
Mix ¹⁾	100	296
Costs ¹⁾	-28	-68
Currency	29	48
Operating income 2022	665	1,362

1) Change excluding currency effects.

Food & Water Division

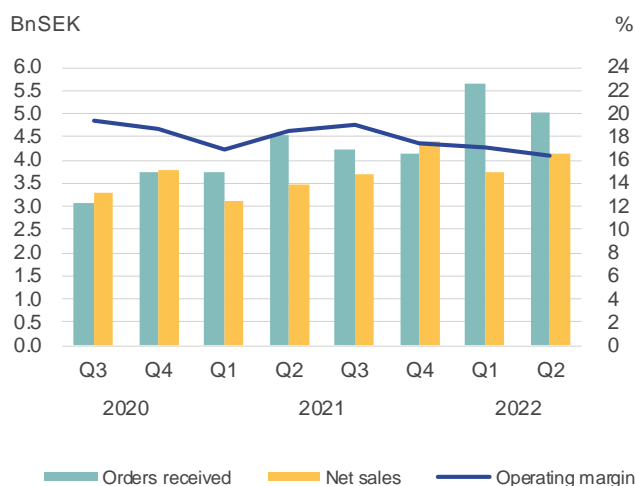
The division offers different types of products for heat transfer, separation and hygienic fluid handling and targets customers in food, pharmaceuticals, biotech, vegetable oils, brewery, dairy and body care products. In addition, the division focuses on public and industrial water treatment as well as wastewater and waste treatment.

- Continued strong order intake.
- Invoicing impacted by China lockdowns.
- All-time high service orders.
- Underlying profitability remained stable, but supply chain challenges had a negative effect on operating margin.

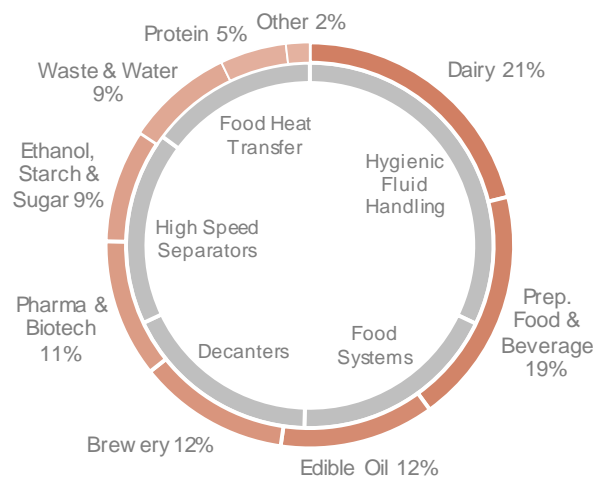
	Q2		Jan-Jun		Jan-Dec	Last 12 months
SEK millions	2022	2021	2022	2021	2021	
Orders received	5,033	4,554	10,685	8,284	16,664	19,065
Order backlog*	10,169	6,458	10,169	6,458	6,823	10,169
Net sales	4,140	3,458	7,882	6,574	14,640	15,948
Operating income**	674	641	1,313	1,171	2,637	2,779
Operating margin***	16.3%	18.5%	16.7%	17.8%	18.0%	17.4%
Depreciation and amortisation	77	78	205	176	360	389
Investments****	57	52	121	167	315	269
Assets*	13,964	11,770	13,964	11,770	11,714	13,964
Liabilities*	6,355	5,819	6,355	5,819	5,144	6,355
Number of employees*	6,829	6,404	6,829	6,404	6,670	6,829

* At the end of the period. ** In management accounts. *** Operating income in relation to net sales. **** Excluding new leases.

Quarterly development



Order intake Jan-Jun 2022 split per end market/business unit





Order intake*

Demand in the second quarter remained strong and the order intake continued to be on a high level.

Dairy showed strong growth with investments continuing as capacity demand was accumulated during the pandemic, particularly evident in North and South America and Asia. The pharma and biotech markets continued on a strong path, resulting in significant order growth across most regions. The focus on securing the national pharma and biotech supply chains that proved not to be sufficient during the pandemic generated additional demand on top of other investment plans in the industry. Protein showed a good development. Order intake for ethanol, starch & sugar grew. Ethanol remained on a high level and starch grew driven by especially strong demand in India and China. Waste & water had a very strong development across most regions, particularly so in North America where investment activity in the industry was high. The same pattern was also seen in China and India. Order intake in edible oil declined, but industry activity remained positive and investments in biodiesel and HVO** increased.

Service showed strong growth in almost all end-markets with dairy, brewery and edible oil being the strongest. Growth was almost as strong for repair and service as for parts.

Net sales

Net sales in the quarter showed a good growth. Service grew above the pace of capital sales. The strongest increase in sales was noted in ethanol, starch & sugar followed by dairy and edible oil, while pharma & biotech was unchanged. Geographically, North America showed strong growth and Europe overall was unchanged, while Asia contracted slightly, as a result of lower activity in China during recent lockdown.

Operating income

Operating income increased somewhat in the quarter due to higher net sales and a positive currency effect. The result was however negatively impacted by lockdowns in China and higher raw material prices. Sales & administration costs increased due to a high business activity and inflationary pressures.

* Comments excluding currency effects.

** Hydrotreated Vegetable Oil.

Order bridge

SEK millions/%	Q2	Jan-Jun
2021	4,554	8,284
Organic ¹⁾	0.4%	18.5%
Structural ¹⁾	-	-
Currency	10.1%	10.5%
Total	10.5%	29.0%
2022	5,033	10,685

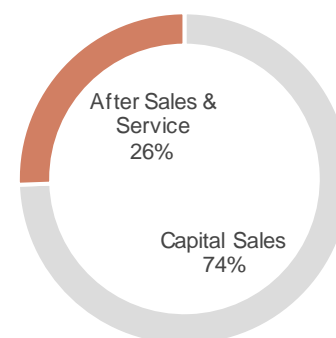
1) Change excluding currency effects.

Sales bridge

SEK millions/%	Q2	Jan-Jun
2021	3,458	6,574
Organic ¹⁾	8.6%	10.3%
Structural ¹⁾	-	-
Currency	11.1%	9.6%
Total	19.7%	19.9%
2022	4,140	7,882

1) Change excluding currency effects.

Order intake Jan-Jun 2022 split on:



Income bridge

SEK millions	Q2	Jan-Jun
Operating income 2021	641	1,171
Volume ¹⁾	113	255
Mix ¹⁾	-53	-62
Costs ¹⁾	-84	-143
Currency	57	92
Operating income 2022	674	1,313

1) Change excluding currency effects.



Marine Division

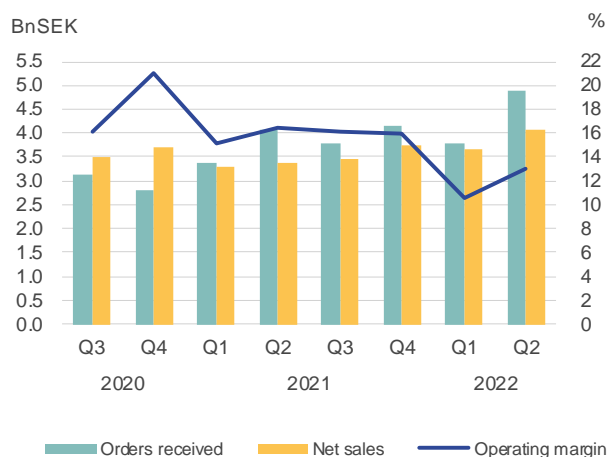
The division's customers include shipowners, shipyards, manufacturers of diesel and gas engines, as well as companies that work with offshore extraction of oil and gas. The offering includes pumping systems, boilers, heat transfer equipment, high speed separators and several different environmental products, including systems to clean ballast water and exhaust gases.

- Good order growth in most product areas, especially in environmental and offshore.
- Acquisition of ScanJet will strengthen the environmental offering.
- Service improved as demand grew in both shipping and offshore.
- Operating margin negatively impacted by increased material costs effects on the order backlog and a negative product mix.

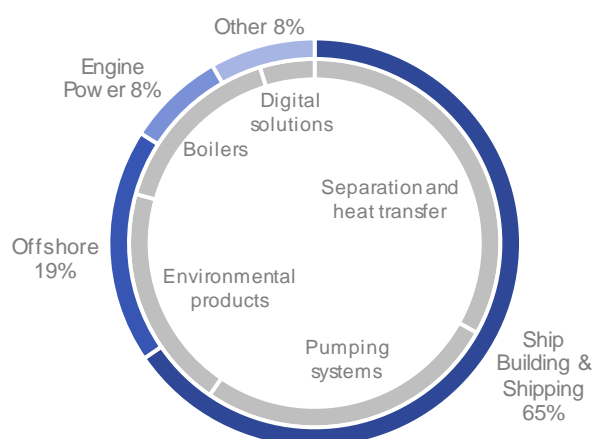
SEK millions	Q2		Jan-Jun		Jan-Dec	Last 12 months
	2022	2021	2022	2021	2021	
Orders received	4,892	4,076	8,687	7,449	15,379	16,617
Order backlog*	11,712	9,586	11,712	9,586	10,340	11,712
Net sales	4,073	3,394	7,737	6,689	13,888	14,936
Operating income**	530	556	920	1,053	2,211	2,078
Operating margin***	13.0%	16.4%	11.9%	15.7%	15.9%	13.9%
Depreciation and amortisation	236	209	472	398	840	914
Investments****	50	41	93	55	250	288
Assets*	30,109	28,587	30,109	28,587	28,718	30,109
Liabilities*	6,852	7,024	6,852	7,024	6,317	6,852
Number of employees*	5,228	4,906	5,228	4,906	4,932	5,228

* At the end of the period. ** In management accounts. *** Operating income in relation to net sales. **** Excluding new leases.

Quarterly development



Order intake Jan-Jun 2022 split per end market/business unit





Order intake*

Order intake for the Marine Division was higher compared to the same quarter last year. Growth was driven by stronger demand in most product areas and in the service business, which compensated for the low demand for marine cargo pumping systems.

The underlying market sentiment related to the building of new vessels in the first half of the year was on a lower level compared to the same period last year due to long delivery times and high cost levels at the ship yards which has lowered the contracting for new ships. New contracting has been driven primarily by container vessels, large LNG carriers and vehicle carriers. The demand for environmental and sustainability related solutions remained positive. Demand for PureBallast was on a stable level compared to the same quarter last year. There is a strong market interest for Alfa Laval's E-PowerPack, a solution that generates electrical power from low grade waste heat and was introduced earlier in the year. During the quarter, the environmental portfolio was further strengthened by the acquisition of Scanjet. Scanjet's intelligent tank cleaning solutions will be a valuable complement to the sustainable marine offering as they reduce the water usage and energy consumption connected with tank cleaning. Order intake for offshore increased significantly compared to the same quarter last year and the underlying market sentiment in this area remains strong due to increased energy prices.

Order intake for service improved compared to the same quarter last year. Growth was driven by higher activity level in both shipping and offshore and from the addition of StormGeo. High freight rates in most vessel segments and the consequent desire to keep vessel assets in good operational readiness resulted in higher demand for spare parts and service.

Net sales

Net sales were at a higher level than the same quarter last year. Sales growth for service and in capital sales for most product groups, particularly within oil & gas, offset the lower sales for gas systems.

Operating income

The operating income decreased in the second quarter compared to the corresponding quarter last year. Net sales were higher, but with a product mix with a slightly lower profitability level. The mix was also impacted negatively by higher material costs and from factory and service resource utilization, particularly in China. The cost level was higher than last year due to a higher activity level, the addition of StormGeo and higher royalty cost for the stronger PureBallast sales.

Order bridge

SEK millions/%	Q2	Jan-Jun
2021	4,076	7,449
Organic ¹⁾	9.9%	6.1%
Structural ¹⁾	3.8%	4.9%
Currency	6.3%	5.6%
Total	20.0%	16.6%
2022	4,892	8,687

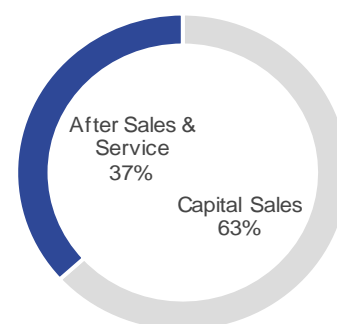
1) Change excluding currency effects.

Sales bridge

SEK millions/%	Q2	Jan-Jun
2021	3,394	6,689
Organic ¹⁾	9.8%	5.2%
Structural ¹⁾	4.4%	5.3%
Currency	5.8%	5.2%
Total	20.0%	15.7%
2022	4,073	7,737

1) Change excluding currency effects.

Order intake Jan-Jun 2022 split on:



Income bridge

SEK millions	Q2	Jan-Jun
Operating income 2021	556	1,053
Volume ¹⁾	171	243
Mix ¹⁾	-61	-35
Costs ¹⁾	-161	-376
Currency	25	35
Operating income 2022	530	920

1) Change excluding currency effects.

* Comments excluding currency effects.

Operations and Other

Operations and Other covers procurement and logistics as well as corporate overhead and non-core businesses.

SEK millions	Q2		Jan-Jun		Jan-Dec	Last 12
	2022	2021	2022	2021	2021	months
Orders received	0	0	0	0	0	0
Order backlog*	0	0	0	0	0	0
Net sales	0	0	0	0	0	0
Operating income**	-121	-121	-243	-201	-441	-483
Depreciation and amortisation	73	77	163	174	354	343
Investments***	101	7	151	90	261	322
Assets*	1,534	1,413	1,534	1,413	1,486	1,534
Liabilities*	844	705	844	705	801	844
Number of employees*	1,251	1,121	1,251	1,121	1,155	1,251

* At the end of the period. ** In management accounts. *** Excluding new leases.

The decreased operating income in the first six months 2022 compared to the last year is mainly due to a more normalized operating level after the pandemic.

Reconciliation between Divisions and Group total

SEK millions	Q2		Jan-Jun		Jan-Dec	Last 12
	2022	2021	2022	2021	2021	months
Operating income						
Total for divisions	1,748	1,557	3,352	2,860	6,304	6,796
Comparison distortion items	-	-204	-327	-192	-192	-327
Consolidation adjustments *	-4	-9	-6	16	14	-8
Total operating income	1,744	1,344	3,019	2,684	6,126	6,461
Financial net	-168	-113	-183	30	16	-197
Result after financial items	1,576	1,231	2,836	2,714	6,142	6,264
Assets **						
Total for divisions	61,795	55,119	61,795	55,119	55,180	61,795
Corporate ***	7,712	7,561	7,712	7,561	9,181	7,712
Group total	69,507	62,680	69,507	62,680	64,361	69,507
Liabilities **						
Total for divisions	20,438	19,551	20,438	19,551	17,514	20,438
Corporate ***	16,807	13,782	16,807	13,782	14,503	16,807
Group total	37,245	33,333	37,245	33,333	32,017	37,245

* Difference between management accounts and IFRS. ** At the end of the period. *** Corporate refers to items in the statement on financial position that are interest bearing or are related to taxes.

Large orders (>EUR 5 million) in the second quarter

Division	Business Unit	Delivery date	Order amount	Total per Business Unit	
	Scope of supply			Q2 2022	Q2 2021
			SEK millions		
Energy					
Welded Heat Exchangers					
	Compabloc heat exchangers for a LNG plant in the Middle East*.	2025	61		
	Ziepack phenol condensor for a petrochemical plant in South Korea.	2023	64	125	203
Energy Separation				-	33
Gasketed Plate Heat Exchangers					
	Plate heat exchangers for a LNG plant in the Middle East*.	2025	113	113	85
Food & Water					
Food Systems					
	Systems for pre-treatment plant in the U.S. for renewable diesel (HVO**).	2022	68	68	497
Decaners				-	66
High Speed Separators				-	6
Marine					
Boilers					
	Boiler system with waste heat recovery for a FPSO*** vessel in Singapore.	2023	141		
	Boiler system with waste heat recovery for a FPSO*** vessel in Singapore.	2023	78	219	-
Pumping Systems					
	Framo pumping systems to an FPSO*** vessel for an oil field outside Brazil.	2023	77		
	Framo pumping systems to an FPSO*** vessel for an oil field outside Norway.	2023	58	135	87
Total				660	977

* One order split on two Business Units. LNG = Liquefied Natural Gas.

** Hydrotreated Vegetable Oil.

*** Floating Production, Storage and Offloading.

Information about products and services

Net sales by product/service *

	Q2		Jan-Jun		Jan-Dec	Last 12
SEK millions	2022	2021	2022	2021	2021	months
Own products within:						
Separation	1,934	1,709	3,606	3,290	7,107	7,423
Heat transfer	4,794	4,034	9,084	7,583	16,274	17,775
Fluid handling	2,681	2,212	5,284	4,364	9,291	10,211
Marine environmental	1,123	1,072	2,068	2,041	4,063	4,090
Other	0	0	0	0	0	0
Associated products	459	337	843	612	1,555	1,786
Services	861	611	1,582	1,054	2,621	3,149
Total	11,852	9,975	22,467	18,944	40,911	44,434

* The split of own products within separation, heat transfer and fluid handling is a reflection of the current three main technologies. Marine environmental is a growing new product area basically outside the main technologies. Other is own products outside these four product areas. Associated products are mainly purchased products that compliment Alfa Laval's product offering. Services cover all sorts of service and service agreements excluding spare parts.

New products during the second quarter

During the second quarter Alfa Laval has introduced among others the following new products:

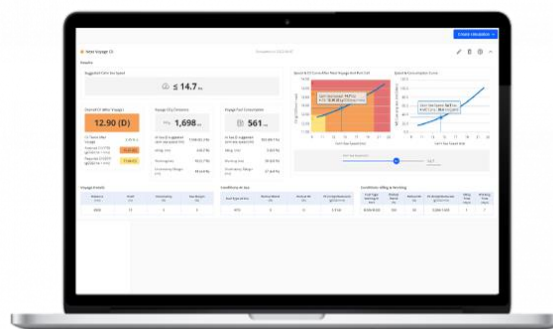
E-PowerPack

The Alfa Laval E-PowerPack converts waste heat directly into clean electrical power, giving marine vessels a plug-and-play efficiency upgrade for meeting sustainability requirements. Based on Organic Rankine Cycle (ORC) technology, this compact and easily installed module can make use of a wide variety of gas and liquid heat sources on board. It thus provides an all-in-one solution that lowers fuel costs, reduces emissions and shrinks carbon footprint.



StormGeo's CII Simulator

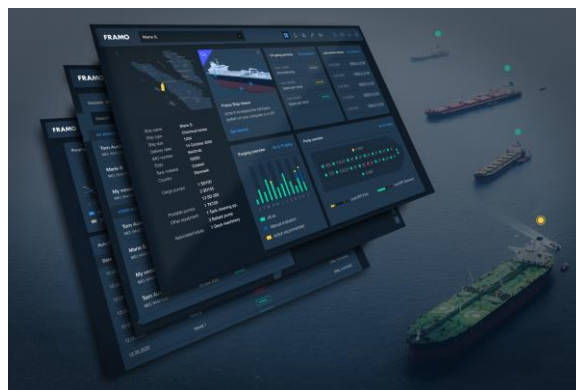
StormGeo launched a first to market CII Simulator for the shipping industry June 1st. The new tool simulates vessel carbon intensity by presenting a complete view of the impact of the Carbon Intensity Indicator (CII) regulation. Understanding that it is difficult for shipowners and operators to stay up to date on the new regulatory scheme, StormGeo's CII Simulator is designed to make it easy to improve environmental numbers and reach decarbonization targets. By leveraging StormGeo's CII Simulator, shipowners and operators can better manage their environmental performance, stay compliant and develop a competitive advantage in the market.



Framo MyPage portal

The MyPage portal is online platform that provides easy access and a total overview of all Framo related services and activities:

- Complete overview of all Framo-related activities onboard vessels.
- Hydraulic oil monitoring.
- Cargo pump cofferdam status.
- Annual and pre-docking inspections.
- Service reports from Framo engineers.
- Operation manuals and training videos.
- Information in the portal is fully serviced and updated by Framo.



Alfa Laval MultiJet 45

In June, Alfa Laval unveiled its streamlined industrial tank cleaning portfolio. New to the portfolio is the robust and reliable Alfa Laval MultiJet 45 tank cleaning machine for large industrial tanks with capacities up to 500 m³. Highly effective and ATEX-compliant, it increases production time by cleaning highly abrasive, hard-to-clean residues from tank surfaces up to 60% faster than comparable machines. It also uses up to 70% less water and cleaning media, boosting the sustainability credentials of industrial companies across the chemicals, pulp and paper, paint and coatings and other heavy industries.

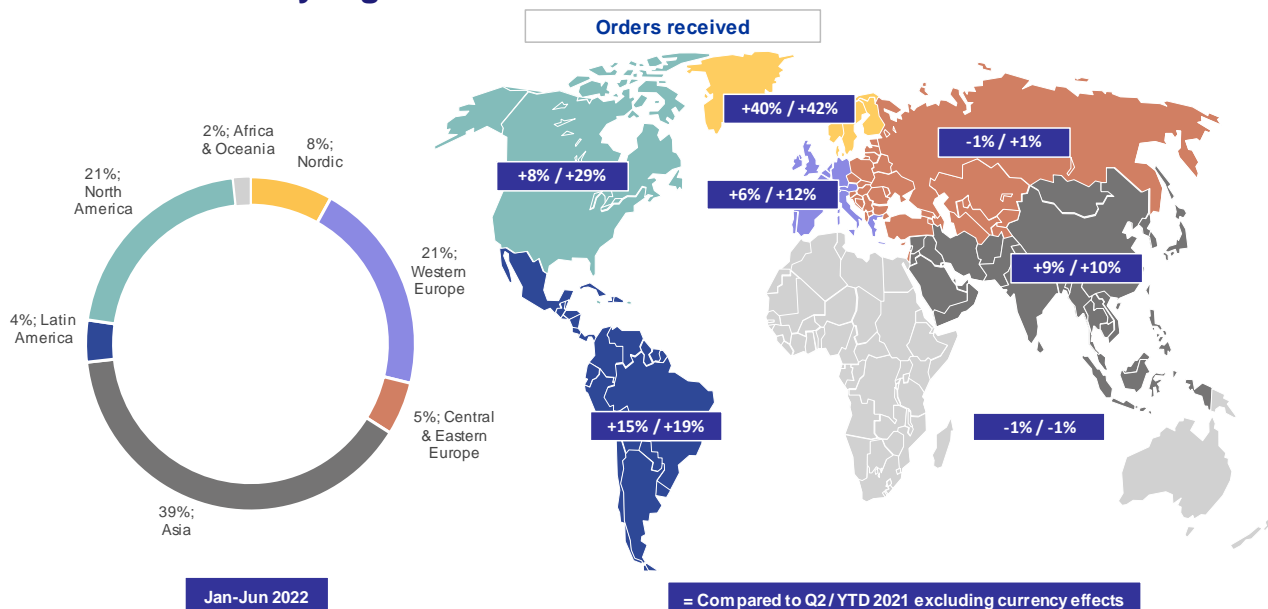


Completed GPHE T-series for marine applications

Thanks to the launch of the T-21 we can now offer the most modern marine certified plate heat exchanger range to any vessel. Alfa Laval gasketed plate heat exchangers excel in applications from general heating and cooling to heat recovery, condensation and evaporation. With their innovative features, they take reliability to an all-new level and save crews time and effort during maintenance. Above all, their design minimizes fouling and maximizes heat transfer capabilities, which ensures the highest possible energy efficiency with a very low footprint.



Information by region



Western Europe including Nordic

The order intake in the region grew compared to the same quarter last year. Energy reported double-digit growth driven by oil & gas, process industry and power. Food & Water had a stable development driven by the increase of the demand in pharma & biotech, ethanol, starch & sugar and prepared food & beverage. Marine noted strong demand in offshore and pumping systems in Mid Europe and Nordic. Service experienced strong demand in all three divisions.

Central and Eastern Europe

The order intake in the region showed a slight decrease compared to last year. In Energy strong demand in HVAC & refrigeration and power was not enough to compensate for the decline in Russia and Ukraine. Food & Water declined because of the situation in Russia and Ukraine but demand was strong in most other areas and especially in ethanol, starch & sugar and prepared food and beverage in Poland, Baltic States and Turkey. Marine had a strong double-digit growth with high demand in shipping and offshore. Service reported a decline influenced by Russia's war on Ukraine.

North America

North America reported strong growth compared to last year. Energy experienced double-digit growth in HVAC & refrigeration and oil & gas as well as continued high demand for energy efficiency solutions. For Food & Water, the robust underlying demand for edible oil, protein and dairy in Canada, was not enough to compensate for the decline in the U.S. Marine noted strong demand in shipping and offshore. Service grew.

Latin America

The order intake in the region grew compared to the same quarter last year. Energy experienced high demand in oil & gas and process industry driven by Brazil, Mexico, Argentina and Chile. Food & Water reported strong demand in brewery, dairy and edible oil, whilst somewhat lower demand in ethanol, starch & sugar and prepared food & beverage. Marine reported a robust underlying demand in engine power, offshore and shipping. Service reported double-digit growth in all three divisions.

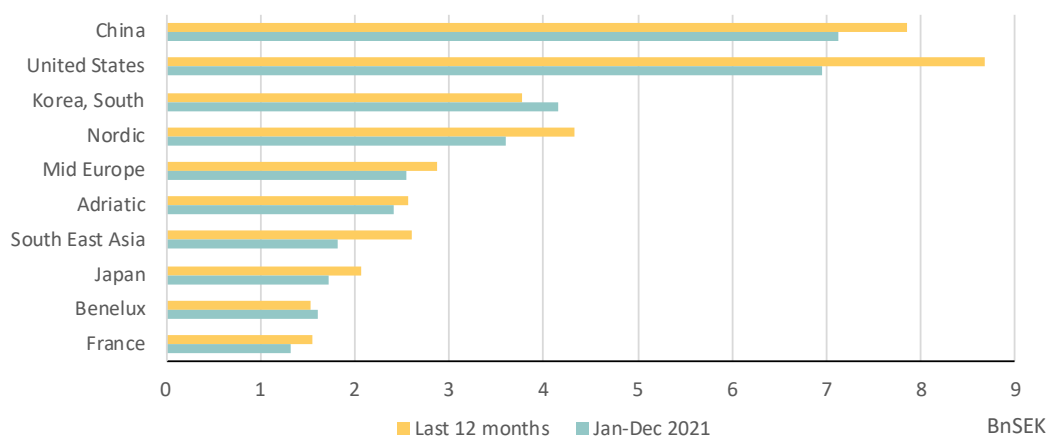
Asia

The region reported strong growth in order intake compared to last year. Energy noted a strong underlying demand in oil & gas, power, HVAC & refrigeration. Food & Water grew in India, Middle East and Singapore in ethanol, starch & sugar, dairy and pharma & biotech. Marine experienced a high demand in offshore and more modest growth in shipping driven by China and Japan. Service grew in all three divisions.

Africa and Oceania

Order intake in the region declined compared to last year. Energy noted a robust underlying demand in process industry and biodiesel. For Food & Water the high demand in edible oil and protein was not enough to compensate the decline in brewery and dairy. Marine reported a high demand in engine power, offshore and shipping. Service grew in Food & Water and Marine.

Order intake for the 10 largest markets



Net sales

	Q2		Jan-Jun		Jan-Dec	Last 12
SEK millions	2022	2021	2022	2021	2021	months
To customers in:						
Sweden	292	264	560	527	1,166	1,199
Other EU	3,065	2,428	5,711	4,631	9,837	10,917
Other Europe	1,082	921	2,263	1,787	4,182	4,658
USA	1,976	1,455	3,682	2,750	6,031	6,963
Other North America	229	179	500	370	763	893
Latin America	551	379	1,041	704	1,606	1,943
Africa	121	131	225	253	500	472
China	1,739	1,813	3,092	3,230	6,803	6,665
South Korea	810	706	1,684	1,444	3,160	3,400
Other Asia	1,850	1,567	3,428	2,991	6,346	6,783
Oceania	137	132	281	257	517	541
Total	11,852	9,975	22,467	18,944	40,911	44,434

Net sales are reported by country on the basis of invoicing address, which is normally the same as the delivery address.

Non-current assets

	Jun 30		Dec 31
SEK millions	2022	2021	2021
Sweden	2,301	2,142	2,273
Denmark	5,070	4,757	4,847
Other EU	4,079	3,826	3,978
Norway	15,353	15,143	15,573
Other Europe	416	349	377
USA	4,068	3,513	3,692
Other North America	148	135	137
Latin America	330	291	269
Africa	8	8	8
Asia	4,075	3,562	3,788
Oceania	119	107	110
Subtotal	35,967	33,833	35,052
Other long-term securities	455	1,883	1,396
Pension assets	96	96	70
Deferred tax asset	1,932	1,633	1,694
Total	38,450	37,445	38,212

Information about major customers

Alfa Laval does not have any customer that accounts for 10 percent or more of net sales. Tetra Pak within the Tetra Laval Group is Alfa Laval's single largest customer with a volume representing approximately 5 percent of net sales.

Consolidated cash flows

SEK millions	Q2		Jan-Jun		Jan-Dec	Last 12
	2022	2021	2022	2021	2021	months
Operating activities						
Operating income	1,744	1,344	3,019	2,684	6,126	6,461
Adjustment for depreciation, amortisation and write down	508	470	1,080	952	1,987	2,115
Adjustment for other non-cash items	-367	192	-29	168	147	-50
	1,885	2,006	4,070	3,804	8,260	8,526
Taxes paid	-489	-392	-970	-1,184	-1,599	-1,385
	1,396	1,614	3,100	2,620	6,661	7,141
Changes in working capital:						
Increase(-)/decrease(+) of receivables	-624	-429	-1,271	-285	-591	-1,577
Increase(-)/decrease(+) of inventories	-1,080	-430	-2,299	-712	-797	-2,384
Increase(+)/decrease(-) of liabilities	854	577	1,569	660	480	1,389
Increase(+)/decrease(-) of provisions	-354	89	-140	101	-489	-730
Increase(-)/decrease(+) in working capital	-1,204	-193	-2,141	-236	-1,397	-3,302
	192	1,421	959	2,384	5,264	3,839
Investing activities						
Investments in fixed assets (Capex)	-311	-172	-585	-438	-1,229	-1,376
Divestment of fixed assets	12	1	17	18	24	23
Acquisition of businesses	-	-3,588	-4	-3,601	-3,828	-231
Divestment of businesses	-	-	-	8	8	-
	-299	-3,759	-572	-4,013	-5,025	-1,584
Financing activities						
Received interests and dividends	21	41	33	51	79	61
Paid interests	-168	-51	-204	-87	-210	-327
Realised financial exchange gains	8	115	19	231	258	46
Realised financial exchange losses	5	-108	-52	-108	-82	-26
Repurchase of shares	-122	-330	-661	-330	-1,339	-1,670
Dividends to owners of the parent	-2,480	-2,307	-2,480	-2,307	-2,307	-2,480
Dividends to non-controlling interests	-	-2	-	-2	-2	0
Increase(-) of financial assets	3,307	-16	-348	-150	-80	-278
Decrease(+) of financial assets	-14	2,196	992	2,284	3,033	1,741
Increase of loans	749	1,000	7,157	1,000	1,000	7,157
Amortisation of loans	-5,277	-1,028	-5,277	-1,032	-2,431	-6,676
	-3,971	-490	-821	-450	-2,081	-2,452
Cash flow for the period	-4,078	-2,828	-434	-2,079	-1,842	-197
Cash and cash equivalents at the beginning of the period	7,042	5,937	3,356	5,150	5,150	3,100
Translation difference in cash and cash equivalents	74	-9	116	29	48	135
Cash and cash equivalents at the end of the period	3,038	3,100	3,038	3,100	3,356	3,038
Free cash flow per share (SEK) *	-0.26	-5.58	0.93	-3.89	0.57	5.43
Capex in relation to net sales	2.6%	1.7%	2.6%	2.3%	3.0%	3.1%
Average number of shares**	413,370,509	419,039,686	413,953,292	419,246,850	418,021,440	415,386,269

* Free cash flow is the sum of cash flows from operating and investing activities.

** Average number of shares has been impacted by repurchase of shares.

Consolidated comprehensive income

SEK millions	Q2		Jan-Jun		Jan-Dec	Last 12
	2022	2021	2022	2021	2021	months
Net sales	11,852	9,975	22,467	18,944	40,911	44,434
Cost of goods sold	-7,589	-6,359	-14,272	-12,105	-26,401	-28,568
Gross profit	4,263	3,616	8,195	6,839	14,510	15,866
Sales costs	-1,328	-1,110	-2,550	-2,129	-4,443	-4,864
Administration costs	-622	-504	-1,201	-940	-1,940	-2,201
Research and development costs	-323	-286	-641	-557	-1,159	-1,243
Other operating income	184	192	367	351	910	926
Other operating costs	-438	-582	-1,175	-918	-1,828	-2,085
Share of result in joint ventures	8	18	24	38	76	62
Operating income	1,744	1,344	3,019	2,684	6,126	6,461
Dividends and other financial income and costs	1	31	2	33	35	4
Interest income and financial exchange rate gains	-10	73	100	285	362	177
Interest expense and financial exchange rate losses	-159	-217	-285	-288	-381	-378
Result after financial items	1,576	1,231	2,836	2,714	6,142	6,264
Taxes	-424	-246	-752	-617	-1,341	-1,476
Net income for the period	1,152	985	2,084	2,097	4,801	4,788
Other comprehensive income:						
Items that will subsequently be reclassified to net income						
Cash flow hedges	-1,304	28	-733	-155	-434	-1,012
Translation difference	455	-437	1,468	703	1,681	2,446
Deferred tax on other comprehensive income	316	7	193	10	66	249
Sum	-533	-402	928	558	1,313	1,683
Items that will subsequently not be reclassified to net income						
Revaluations of defined benefit obligations	60	50	120	100	567	587
Market valuation of external shares	0	160	-14	178	357	165
Deferred tax on other comprehensive income	-16	-13	-59	-26	-141	-174
Sum	44	197	47	252	783	578
Comprehensive income for the period	663	780	3,059	2,907	6,897	7,049
Net income attributable to:						
Owners of the parent	1,137	973	2,057	2,080	4,759	4,736
Non-controlling interests	15	12	27	17	42	52
Earnings per share (SEK)	2.75	2.32	4.97	4.96	11.38	11.40
Average number of shares*	413,370,509	419,039,686	413,953,292	419,246,850	418,021,440	415,386,269
Comprehensive income attributable to:						
Owners of the parent	635	770	3,008	2,882	6,834	6,960
Non-controlling interests	28	10	51	25	63	89

** Average number of shares has been impacted by repurchase of shares.

Consolidated financial position

SEK millions	Jun 30 2022	2021	Dec 31 2021
ASSETS			
Non-current assets			
Intangible assets	26,399	25,324	25,921
Property, plant and equipment	9,526	8,448	9,075
Other non-current assets	2,525	3,673	3,216
	38,450	37,445	38,212
Current assets			
Inventories	13,125	9,861	10,525
Assets held for sale	28	50	25
Accounts receivable	7,925	6,213	6,738
Other receivables	6,060	5,130	4,756
Derivative assets	530	536	458
Other current deposits	351	345	291
Cash and cash equivalents *	3,038	3,100	3,356
	31,057	25,235	26,149
TOTAL ASSETS	69,507	62,680	64,361
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Owners of the parent	31,963	29,153	32,096
Non-controlling interests	299	194	248
	32,262	29,347	32,344
Non-current liabilities			
Liabilities to credit institutions etc.	9,602	8,080	3,059
Lease liabilities	1,535	1,769	1,453
Provisions for pensions and similar commitments	1,561	2,455	1,907
Provision for deferred tax	1,634	1,590	1,838
Other non-current liabilities	676	519	475
	15,008	14,413	8,732
Current liabilities			
Liabilities to credit institutions etc.	633	1,124	5,185
Accounts payable	4,111	2,993	3,502
Advances from customers	5,872	4,782	4,824
Other provisions	2,108	2,093	1,811
Other liabilities	8,774	7,836	7,757
Derivative liabilities	739	92	206
	22,237	18,920	23,285
Total liabilities	37,245	33,333	32,017
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	69,507	62,680	64,361

* The item cash and cash equivalents is mainly relating to bank deposits and liquid deposits.

Financial assets and liabilities at fair value

SEK millions	Valuation hierarchy level	Jun 30 2022	2021	Dec 31 2021
Financial assets				
Other non-current securities	1 and 2	265	1,759	1,231
Bonds and other securities	1	93	63	118
Derivative assets	2	571	596	514
Financial liabilities				
Derivative liabilities	2	1,001	102	269

Valuation hierarchy level 1 is according to quoted prices in active markets for identical assets and liabilities.

Valuation hierarchy level 2 is out of directly or indirectly observable market data outside level 1.

Borrowings and net debt

	Jun 30		Dec 31
SEK millions	2022	2021	2021
Credit institutions	256	106	69
Commercial papers	399	1,000	-
Corporate bonds	9,580	8,098	8,175
Lease liabilities	2,478	2,320	2,427
Total debt	12,713	11,524	10,671
Cash and cash equivalents and current deposits	-3,389	-3,445	-3,647
Net debt *	9,324	8,079	7,024

* Alternative performance measure.

Alfa Laval has a revolving credit facility of EUR 700 million corresponding to SEK 7,484 million on June 30, 2022 with a banking syndicate. The facility has a maturity of five years from April 2022 with a possibility to extend it for another year and it includes a possibility to increase by EUR 200 million. The facility was not utilised on June 30, 2022. The commercial paper programme of SEK 4,000 million, was utilised with an issued paper of SEK 400 million at June 30, 2022.

On June 30, 2022, Alfa Laval has three tranches of corporate bonds listed on the Irish stock exchange, each of EUR 300 million that matures in June 2024, in February 2026 and in February 2029 respectively. The tranche of EUR 500 million that would have matured in September 2022 was repaid already in June 2022.

Changes in consolidated equity

	Jan-Jun		Jan-Dec
SEK millions	2022	2021	2021
At the beginning of the period	32,344	29,071	29,071
Changes attributable to:			
Owners of the parent			
Comprehensive income			
Comprehensive income for the period	3,008	2,882	6,834
Transactions with shareholders			
Repurchase of shares	-661	-330	-1,339
Cancellation of repurchased shares	-15	-	-
Bonus issue of shares	15	-	-
Dividends	-2,480	-2,307	-2,307
	-3,141	-2,637	-3,646
Subtotal	-133	245	3,188
Non-controlling interests			
Comprehensive income			
Comprehensive income for the period	51	25	63
Transactions with shareholders			
Non-controlling interests in acquired companies	-	8	24
Dividends	-	-2	-2
	-	6	22
Subtotal	51	31	85
At the end of the period	32,262	29,347	32,344

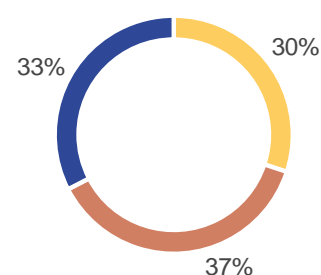
Condensed segment reporting per quarter



Orders received

SEK millions	2022		2021				2020	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Energy	4,496	3,808	3,362	3,659	3,553	3,101	2,760	2,716
Food & Water	5,033	5,652	4,139	4,241	4,554	3,730	3,723	3,083
Marine	4,892	3,795	4,150	3,780	4,076	3,373	2,789	3,136
Operations & Other	0	0	0	0	0	0	0	0
Total	14,421	13,255	11,651	11,680	12,183	10,204	9,272	8,935

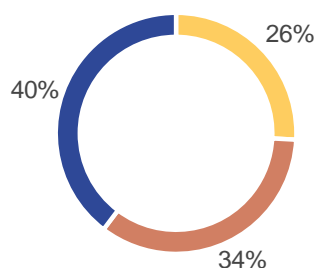
Last 12 months



Order backlog

SEK millions	2022		2021				2020	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Energy	7,625	6,669	5,791	5,969	5,436	5,006	4,740	5,301
Food & Water	10,169	9,146	6,823	7,044	6,458	5,363	5,056	5,170
Marine	11,712	10,829	10,340	9,927	9,586	8,891	9,173	10,198
Operations & Other	0	0	0	0	0	0	0	0
Total	29,506	26,644	22,954	22,940	21,480	19,260	18,969	20,669

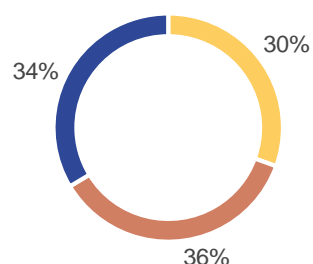
June 30, 2022



Net sales

SEK millions	2022		2021				2020	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Energy	3,639	3,209	3,556	3,146	3,123	2,558	3,247	2,922
Food & Water	4,140	3,742	4,388	3,678	3,458	3,116	3,764	3,291
Marine	4,073	3,664	3,748	3,451	3,394	3,295	3,684	3,515
Operations & Other	0	0	0	0	0	0	0	0
Total	11,852	10,615	11,692	10,275	9,975	8,969	10,695	9,728

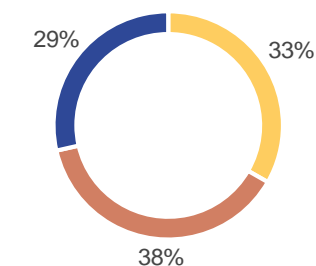
Last 12 months



Operating income*

SEK millions	2022		2021				2020	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Energy	665	697	581	479	481	356	464	454
Food & Water	674	639	767	699	641	530	702	638
Marine	530	390	600	558	556	497	775	570
Operations & Other	-121	-122	-141	-99	-121	-80	-155	-174
Total	1,748	1,604	1,807	1,637	1,557	1,303	1,786	1,488

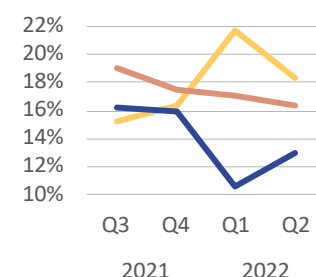
Last 12 months



Operating margin*

%	2022		2021				2020	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Energy	18.3	21.7	16.3	15.2	15.4	13.9	14.3	15.5
Food & Water	16.3	17.1	17.5	19.0	18.5	17.0	18.7	19.4
Marine	13.0	10.6	16.0	16.2	16.4	15.1	21.0	16.2
Total	14.7	15.1	15.5	15.9	15.6	14.5	16.7	15.3

Per quarter



* In management accounts, see reconciliation on page 12.

Parent company

The parent company's result after financial items for the first six months 2022 was SEK 57 (674) million, out of which dividends from subsidiaries SEK 62 (682) million, net interests SEK -0 (-) million, realised and unrealised exchange rate gains and losses SEK 1 (0) million, costs related to the listing SEK -4 (-4) million, fees to the Board SEK -3 (-4) million, cost for annual report and annual general meeting SEK -0 (-1) million and other operating income and operating costs the remaining SEK 1 (1) million.

Parent company income *

SEK millions	Q2		Jan-Jun		Jan-Dec
	2022	2021	2022	2021	2021
Administration costs	-1	-3	-7	-9	-15
Other operating income	-1	-3	2	1	0
Other operating costs	-1	0	-1	0	-1
Operating income	-3	-6	-6	-8	-16
Revenues from interests in group companies	62	682	62	682	682
Interest income and similar result items	0	0	1	0	0
Interest expenses and similar result items	0	-	0	0	0
Result after financial items	59	676	57	674	666
Change of tax allocation reserve	-	-	-	-	-423
Group contributions	-	-	-	-	1,896
Result before tax	59	676	57	674	2,139
Tax on this year's result	1	2	1	2	-303
Net income for the period	60	678	58	676	1,836

* The statement over parent company income also constitutes its statement over comprehensive income.

Parent company financial position

SEK millions	Jun 30		Dec 31
	2022	2021	2021
ASSETS			
Non-current assets			
Shares in group companies	4,669	4,669	4,669
Current assets			
Receivables on group companies	5,947	8,497	9,218
Other receivables	286	174	75
Cash and cash equivalents	0	69	21
	6,233	8,740	9,314
TOTAL ASSETS	10,902	13,409	13,983
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Restricted equity	2,387	2,387	2,387
Unrestricted equity	5,625	8,556	8,707
	8,012	10,943	11,094
Untaxed reserves			
Tax allocation reserves, taxation 2016-2022	2,871	2,447	2,871
Current liabilities			
Liabilities to group companies	16	15	14
Accounts payable	1	1	1
Other liabilities	2	3	3
	19	19	18
TOTAL EQUITY AND LIABILITIES	10,902	13,409	13,983

Owners and shares

Owners and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 51,486 (43,152) shareholders on June 30, 2022. The largest owner is Tetra Laval International SA, Switzerland, who owns 29.5 (29.1) percent. The increase compared to last year is due to the cancellation of repurchased shares that was made on May 16, 2022. Next to the largest owner, there are nine institutional investors with ownership in the range of 6.9 to 1.6 percent. These ten largest shareholders owned 64.0 (60.8) percent of the shares.

Repurchase of shares

The Annual General Meeting 2021 mandated the Board to decide on repurchase of up to 5 percent of the issued shares with the purpose to cancel the repurchased shares and reduce the share capital.

Specification of repurchase of shares	2021			2022		
	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Total
Number of repurchased shares	1,153,000	1,500,320	1,407,680	1,726,992	342,008	6,130,000
Percentage of outstanding shares	0.27%	0.36%	0.34%	0.41%	0.08%	1.46%
Cash-out and decrease in parent company and consolidated equity (SEK millions)	330	510	499	539	122	2,000

Cancellation of repurchased shares and a corresponding bonus issue

On March 18, 2022 when the notice to the Annual General Meeting was sent the number of repurchased shares was 5,579,492. The Annual General Meeting 2022 decided to cancel these repurchased shares. Cancellation of the shares means that the share capital will decrease with SEK 15 million. At the same time the Annual General Meeting decided to increase the share capital through a bonus issue of the same amount without issuing any new shares. In this way the size of the share capital was restored and the company did not have to obtain permission from Bolagsverket or if disputed the local court to cancel the repurchased shares. This means that the number of shares has developed as follows:

Specification of number of shares	Number
Number of shares at January 1, 2022	419,456,315
Cancellation of re-purchased shares at May 16, 2022	-5,579,492
Number of shares at June 30, 2022	413,876,823

This means that 550,508 shares repurchased in the period March 21, 2022 to April 25, 2022 under the old mandate are left to be cancelled by the Annual General Meeting 2023.

Share buy-back program

The Annual General Meeting 2022 mandated the Board to decide on repurchase of up to 5 percent of the issued shares with the purpose to cancel the repurchased shares and reduce the share capital at the Annual General Meeting 2023. The reduction of the share capital will be met by a corresponding bonus issue without issuing any new shares so that the size of the share capital is restored.

No shares have been repurchased under this new mandate during the second quarter 2022.

Acquisitions of businesses

On June 16, 2022 Alfa Laval announced that it has signed an agreement to acquire Scanjet, a leading global supplier of tank cleaning equipment and solutions for marine, offshore and industrial applications. The acquisition will extend Alfa Laval's broad tanker offering, creating a more comprehensive product portfolio for cargo tanks. Closing of the acquisition is expected during Q3 2022. Scanjet's intelligent tank management solutions will be a valuable complement to Alfa Laval's sustainable marine offering as they reduce the water usage and energy consumption connected with tank cleaning. Adding Scanjet to Alfa Laval's portfolio will support customer efficiency at every stage of cargo handling. Scanjet employs about 150 people and has global presence with factories in Sweden, Poland and Indonesia, and a turnover of about SEK 300 million (FY 2022FC).

On March 31, 2022 Alfa Laval announced that it has signed an agreement to acquire Desmet, part of the Desmet Ballestra Group, a world leader in engineering and supplying

processing plants and technologies for edible oils and biofuel sectors. The acquisition will strengthen Alfa Laval's position in the renewable energy arena and complement its offering within edible oils. Headquartered in Brussels, Belgium, Desmet employs around 1,000 people in Europe, India, Southeast Asia, North America and Latin America. The business to be acquired, currently a part of the Desmet Ballestra Group, had a turnover of approximately EUR 300 million in 2021. The operational units and brands of Rosedowns and Stolz are included in the transaction. The Desmet Ballestra Group is currently owned by Financière DSBG, and ultimately controlled by Kartesia and Farallon. The acquisition will operate as a stand-alone entity within the Food & Water Division of Alfa Laval. It strengthens Alfa Laval's position in the markets for edible oils, biofuels, and plant- and animal-based proteins for food and feed. The acquisition will be fully financed via cash. The closing is expected during the third quarter of 2022, subject to customary conditions. The acquisition will have a positive impact on earnings per share and be marginally decreative to Alfa Laval's EBITA margin. "The acquisition will be an excellent fit for our offering of specialized processing equipment designed to increase both yield and quality of customers' end products," says Tom Erixon, President and CEO of Alfa Laval. "It will add know-how and expertise to accelerate future innovations within food, feed and biofuels – and strengthen our ability to support the transformation towards renewable fuels."

Risks and other

Material factors of risk and uncertainty

The main factors of risk and uncertainty facing the Group concern the price development of metals, fluctuations in major currencies and the business cycle. It is the company's opinion that the description of risks made in the Annual Report for 2021 is still correct.

When it comes to the global material and freight constraints that emerged during 2021, the following can be highlighted. Alfa Laval has a global footprint with 37 major manufacturing units across Europe, Asia, the US and Latin America. The company has well-established business continuity plans and a global supply chain with alternative sourcing solutions for most products and services and close collaboration with key suppliers. Sub-suppliers have from time to time also during the first six months 2022 experienced shortages of mainly sourced semiconductors for control panels but also electronics for engines. Due to lockdowns in China related to COVID-19 and the ongoing war in Ukraine, the risk for continued material and freight constraints is large.

Russia's war on Ukraine

Alfa Laval has a factory and a sales company in Russia and a sales company in Ukraine. Historically the order intake from the markets in Russia and Ukraine has been approximately SEK 1 billion per year, equivalent to 2 percent of the total order intake for the company. When the war started on February 24, the total order backlog in Russia and Ukraine amounted to approximately SEK 750 million. In addition, Alfa Laval companies in other countries had orders from Russian end customers of SEK 360 million. Since then, the order backlog has been re-assessed and as a result orders of SEK 655 million have been removed from the order backlog. This is mainly due to sanctions, but also when Alfa Laval has assessed that the company will not be able to deliver or get paid. Also orders where Alfa Laval supplies equipment to ship yards in other countries building ships for ship owners now under sanctions have been removed from the order backlog. Alfa Laval's possibilities to deliver are further affected if transportation into Russia can be arranged and if our sub-suppliers set restrictions on where we can deliver products with their components.

If revenue recognition over time has started for an order that now has been removed from the order backlog, then the net invoicing and cost of goods sold have been reversed, unless the amount is covered by a non-refundable advance payment.

If orders have been removed from the order backlog, then Alfa Laval has also made provisions for:

- The value of work in progress and finished goods for these orders, if the products cannot be sold to other customers within reasonable time and with reasonable margin.
- The value of material and components that are intended for these orders, if the material and the components cannot be used for products to other customers within reasonable time and with a reasonable final margin.
- Costs for cancellation fees that can hit Alfa Laval if we cancel order that we cannot deliver or get paid for.

If we still think that we can deliver and get paid, we have made provisions for accrued costs for late delivery fees.

Concerning receivables related to past deliveries, we have made provisions for:

- Accounts receivable related to orders concerning Russia and Ukraine that we do not believe we will get paid for.
- Expected foreign exchange losses if the customer cannot pay in the contractually stipulated currency (USD, EUR etc), but only in Russian roubles.

Concerning advance payments, we have made provisions for the value of advance payments made by Alfa Laval to suppliers in Russia and Ukraine and where we do not expect any delivery or the advance being repaid to us.

The total cost for these provisions amounts to SEK 327 million and has been reported as a comparison distortion item in the first quarter 2022.

Before the war, Alfa Laval had a competent team of approximately 230 employees in Russia and 10 employees in Ukraine. A restructuring programme has been communicated in Russia in July 2022, meaning that the number of personnel will be reduced to 85 until the end of October 2022. Alfa Laval will continue to assess the longer-term implications of the war on the Russian market. For this reason, no impairment tests have yet been performed concerning the property, plant and equipment in Russia. If an impairment loss is to be made going forward, the book value including right-of-use assets is less than SEK 30 million.

Consequences of COVID-19

Alfa Laval has global and local crisis teams in place for close monitoring and swift response to changes in the situation to secure the health and safety of our employees. As a result of successful vaccination programmes Alfa Laval has been able to step by step open up the offices again after the pandemic depending on the situation in each country. Current and possible future extensive lockdowns in China are a concern considering Alfa Laval's large manufacturing foot print in China.

Asbestos-related lawsuits

The Alfa Laval Group was as of June 30, 2022 named as a co-defendant in a total of 516 asbestos-related lawsuits with a total of approximately 516 plaintiffs. Alfa Laval strongly believes the claims against the Group are without merit and intends to vigorously contest each lawsuit.

Based on current information and Alfa Laval's understanding of these lawsuits, Alfa Laval continues to believe that these lawsuits will not have a material adverse effect on the Group's financial condition or results of operation.

Accounting principles

The interim report for the second quarter 2022 is prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The accounting principles are according to IFRS (International Financial Reporting Standards) as adopted by the European Union. In the report, alternative performance measures are used. See the annual report 2021 for definitions. Alfa Laval follows the Guidelines on Alternative Performance Measures issued by ESMA (European Securities and Markets Authority).

"Q2" and "Second quarter" refer to the period April 1 to June 30. "Jan-Jun" and "First six months" refer to the period January 1 to June 30. "Jan-Dec" and "Full year" refer to the period January 1 to December 31. "Last 12 months" refers to the period July 1, 2021 to June 30, 2022. "The corresponding period last year" refers to the second quarter 2021 or the first six months 2021 depending on the context.

"Currency effects" only relate to translation effects, whereas "foreign exchange effects" also relate to transactional effects. "Mix" in the operating income bridge also includes a price effect. Comparison distortion items are reported in the comprehensive income statement on each concerned line but are specified on page 4.

The accounting and valuation principles of the parent company comply with the Swedish Annual Accounts Act and the recommendation RFR 2 Accounting for legal entities issued by the Council for Financial Reporting in Sweden.

The interim report has been issued at CET 7.30 on July 20, 2022 by the Board of Directors and the President and CEO.

The Board of Directors and the President and CEO assure that the report for the first six months gives a true and fair view of the operations, financial position and results for the company and the consolidated Group and describes material factors of risk and uncertainty facing the company and the companies that are part of the Group.

Lund, July 20, 2022

Dennis Jönsson
Chairman

Lilian Fossum Biner

Maria Moræus Hanssen

Henrik Lange

Bror Garcia Lantz

Ray Mauritsson

Henrik Nielsen

Johan Ranhög

Finn Rausing

Jörn Rausing

Ulf Wiinberg

Tom Erixon
President and CEO



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Date for the next financial reports

Alfa Laval will publish financial reports at the following dates:
Interim report for the third quarter 2022 October 25, 2022
Fourth quarter and full year 2022 report February 2, 2023

This information is information that Alfa Laval AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at CET 7.30 on July 20, 2022.

