



# Q2 2023

## Highlights

- Order intake increased by 28 percent to SEK 18.4 (14.4) billion.
- Net sales increased by 34 percent to SEK 15.9 (11.9) billion.
- Adjusted EBITA increased by 21 percent to SEK 2.4 (2.0) billion, corresponding to a margin of 15.0 (16.5) percent.
- Cash flow from operating activities of SEK 1.3 (0.2) billion.
- Earnings per share of SEK 3.63 (2.75).

## Outlook for the third quarter

“Despite slowing economic activity, demand in Alfa Laval’s end-markets is expected to remain unchanged although affected by third quarter lower seasonality.”

Earlier published outlook (April 25, 2023):  
“Market conditions are expected to remain positive, although demand is expected to be sequentially lower in the next quarter.”

The Q2 2023 report has not been subject to review by the company’s auditors.

New sustainability section on pages 14-15.

## Summary

| SEK millions   | Q2     |        |     |     | Jan-Jun |        |     |     |
|--|--------|--------|-----|-----|---------|--------|-----|-----|
|  | 2023   | 2022   | %   | % * | 2023    | 2022   | %   | % * |
| Order intake   | 18,405 | 14,421 | 28  | 22  | 36,790  | 27,676 | 33  | 26  |
| Net sales  | 15,880 | 11,852 | 34  | 27  | 29,991  | 22,467 | 33  | 26  |
| Adjusted EBITA **  | 2,378  | 1,959  | 21  |     | 4,765   | 3,775  | 26  |     |
| - adjusted EBITA margin (%) **   | 15.0   | 16.5   |     |     | 15.9    | 16.8   |     |     |
| Result after financial items   | 2,003  | 1,576  | 27  |     | 4,051   | 2,836  | 43  |     |
| Net income for the period  | 1,515  | 1,152  | 32  |     | 3,030   | 2,084  | 45  |     |
| Earnings per share (SEK)   | 3.63   | 2.75   | 32  |     | 7.27    | 4.97   | 46  |     |
| Cash flow from operating activities                                      | 1,342  | 192    | 599 |     | 2,346   | 959    | 145 |     |
| Impact on adjusted EBITA of foreign exchange effects                     | 175    | 90     |     |     | 320     | 130    |     |     |
| Impact on result after financial items<br>of comparison distortion items | -      | -      |     |     | -       | -327   |     |     |
| Return on capital employed (%) **  |        |        |     |     | 18.6    | 19.1   |     |     |
| Net debt to EBITDA, times **   |        |        |     |     | 1.49    | 1.09   |     |     |

\* Excluding currency effects. \*\* Alternative performance measures.



Comment from

# Tom Erixon

President and CEO

"Demand remained on a high level in the quarter and order intake increased 9 percent organically compared to last year. Even with the global economic slowdown now impacting volumes in the transactional business in several end-markets and geographies, considerable strength in the service and project businesses more than compensated for the weaker macro-economic environment. The order intake amounted to SEK 18.4 billion in the quarter, a repeat of the record level from the first quarter.

On a divisional level, Marine had another strong quarter in terms of order intake across almost all applications. The ambition to rebuild the orderbook for cargo pumping and build a better boiler backlog has been achieved in the first half of 2023. The guidance from earlier this year that the Marine margin should gradually improve from the third quarter remains. For the Energy Division, demand remains positive in most **business areas** driven by the ongoing energy transition and supported by increased investments in gas production. Food & Water reported orders of close to SEK 7 billion and although somewhat softer demand in more consumer-related end-markets, the project business developed well. Desmet has over the past nine months developed strongly and been integrated into the Group above expectations.

Global supply chains continue to stabilize and based on a large order book invoicing grew to almost SEK 16 billion, a new record level. Customer service levels and lead-times are still not fully restored, but the capacity expansion projects are largely running according to plan. Cash flow from operating activities has been strong in the quarter and overall cash flow is expected to continue to improve in the coming quarters as operating working capital initiatives are undertaken. The ambition to get working capital back to normalized levels is a clear priority.

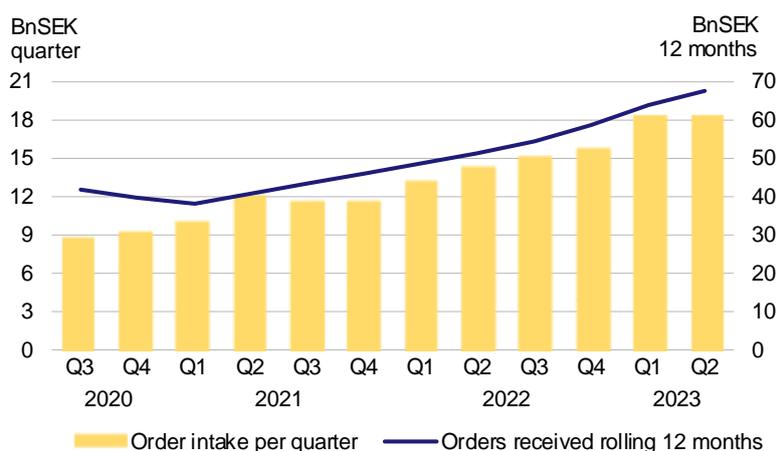
The invoicing increase of 34 percent resulted in a corresponding increase in net profit and earnings per share. The drop through on the EBITA level was however modest and the margin was 15 percent. The lower profitability in the Food & Water Division was driven by an increased share of project invoicing and negative volume effects in the transactional business. Some capacity adjustments will be made in the third quarter to protect profitability.

From this quarter on, the report will include an update on selected sustainability measurements reflecting our commitment to supporting a sustainable transformation, drive efficiency and behavioural change for a positive impact."

Tom Erixon,  
President and CEO

## Financial overview

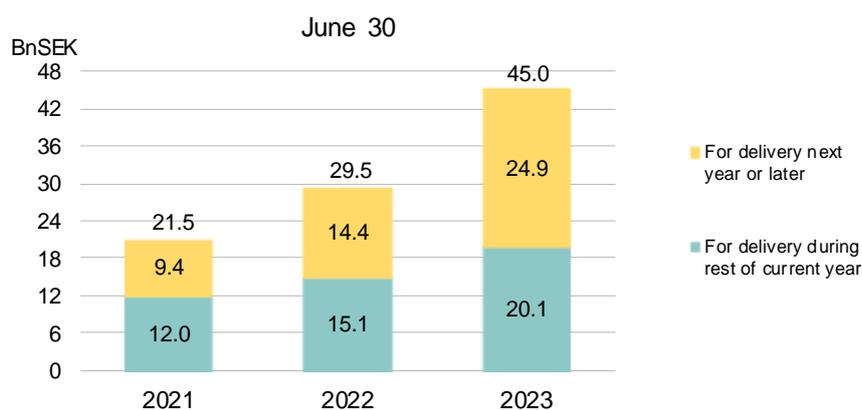
### Order intake



Orders received was SEK 18,405 (14,421) million in the second quarter and SEK 36,790 (27,676) million in the first six months 2023.

Orders received from Service constituted 27.8 (28.6) percent of the Group's total orders received during the second quarter and 27.5 (29.1) percent during the first six months 2023.

### Order backlog



Excluding currency effects and adjusted for acquisition and divestment of businesses the order backlog was 27.7 percent higher than the order backlog at June 30, 2022 and 18.2 percent higher than the order backlog at the end of 2022.

### Net sales

Net invoicing was SEK 15,880 (11,852) million for the second quarter and SEK 29,991 (22,467) million for the first six months 2023.

Net invoicing relating to Service constituted 30.1 (31.7) percent of the Group's total net invoicing in the second quarter and 30.7 (31.2) percent in the first six months 2023.

| SEK millions/%           | Order bridge |         |
|--------------------------|--------------|---------|
|                          | Q2           | Jan-Jun |
| 2022                     | 14,421       | 27,676  |
| Organic <sup>1)</sup>    | 8.9%         | 16.2%   |
| Structural <sup>1)</sup> | 12.6%        | 10.2%   |
| Currency                 | 6.1%         | 6.5%    |
| Total                    | 27.6%        | 32.9%   |
| 2023                     | 18,405       | 36,790  |

1) Change excluding currency effects.

| SEK millions/%           | Order bridge Service |         |
|--------------------------|----------------------|---------|
|                          | Q2                   | Jan-Jun |
| 2022                     | 4,129                | 8,057   |
| Organic <sup>1)</sup>    | 15.8%                | 17.0%   |
| Structural <sup>1)</sup> | 0.9%                 | 0.9%    |
| Currency                 | 7.2%                 | 7.9%    |
| Total                    | 23.9%                | 25.8%   |
| 2023                     | 5,114                | 10,132  |

1) Change excluding currency effects.

| SEK millions/%           | Sales bridge |         |
|--------------------------|--------------|---------|
|                          | Q2           | Jan-Jun |
| 2022                     | 11,852       | 22,467  |
| Organic <sup>1)</sup>    | 16.6%        | 15.8%   |
| Structural <sup>1)</sup> | 10.3%        | 10.1%   |
| Currency                 | 7.1%         | 7.6%    |
| Total                    | 34.0%        | 33.5%   |
| 2023                     | 15,880       | 29,991  |

1) Change excluding currency effects.

| SEK millions/%           | Sales bridge Service |         |
|--------------------------|----------------------|---------|
|                          | Q2                   | Jan-Jun |
| 2022                     | 3,763                | 7,031   |
| Organic <sup>1)</sup>    | 18.9%                | 22.0%   |
| Structural <sup>1)</sup> | 0.9%                 | 0.9%    |
| Currency                 | 7.4%                 | 8.2%    |
| Total                    | 27.2%                | 31.1%   |
| 2023                     | 4,786                | 9,219   |

1) Change excluding currency effects.

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

## Income analysis

| SEK millions                         | Q2           |              | Jan-Jun      |              | Jan-Dec      | Last 12       |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|
|                                      | 2023         | 2022         | 2023         | 2022         | 2022         | months        |
| Net sales                            | 15,880       | 11,852       | 29,991       | 22,467       | 52,135       | 59,659        |
| Adjusted gross profit *              | 5,386        | 4,478        | 10,492       | 8,624        | 18,589       | 20,457        |
| <b>- adjusted gross margin (%) *</b> | <b>33.9</b>  | <b>37.8</b>  | <b>35.0</b>  | <b>38.4</b>  | <b>35.7</b>  | <b>34.3</b>   |
| Expenses **                          | -2,624       | -2,226       | -5,000       | -4,198       | -8,911       | -9,713        |
| - in % of net sales                  | 16.5         | 18.8         | 16.7         | 18.7         | 17.1         | 16.3          |
| <b>Adjusted EBITDA *</b>             | <b>2,762</b> | <b>2,252</b> | <b>5,492</b> | <b>4,426</b> | <b>9,678</b> | <b>10,744</b> |
| - adjusted EBITDA margin (%) *       | 17.4         | 19.0         | 18.3         | 19.7         | 18.6         | 18.0          |
| Depreciation                         | -384         | -293         | -727         | -651         | -1,449       | -1,525        |
| <b>Adjusted EBITA *</b>              | <b>2,378</b> | <b>1,959</b> | <b>4,765</b> | <b>3,775</b> | <b>8,229</b> | <b>9,219</b>  |
| - adjusted EBITA margin (%) *        | 15.0         | 16.5         | 15.9         | 16.8         | 15.8         | 15.5          |
| Amortisation of step-up values       | -242         | -215         | -483         | -429         | -943         | -997          |
| Comparison distortion items          | -            | -            | -            | -327         | -767         | -440          |
| Operating income                     | 2,136        | 1,744        | 4,282        | 3,019        | 6,519        | 7,782         |

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

Gross margins on sales remain on a good level. Transactional business has price compensated well for inflationary and commodity price movements. Service gross margins remain stable. Project business reflects a pricing lag as a consequence of the typically longer lead times for those revenue streams, which translates into lower current margins as the backlog is invoiced. Capacity utilization imbalances are actively addressed with necessary initiatives and restructuring activities mentioned in the report for the fourth quarter 2022, which will support recovering margins for the affected products in the third quarter 2023.

Sales and administration expenses were SEK 2,342 (1,950) million during the second quarter and SEK 4,521 (3,751) million during the first six months 2023. The figures for the first six months corresponded to 15.1 (16.7) percent of net sales. Excluding currency effects and acquisition/divestment of businesses, sales and administration expenses increased by 5.5 percent during the second quarter and by 7.2 percent during the first six months 2023 compared to the corresponding periods last year.

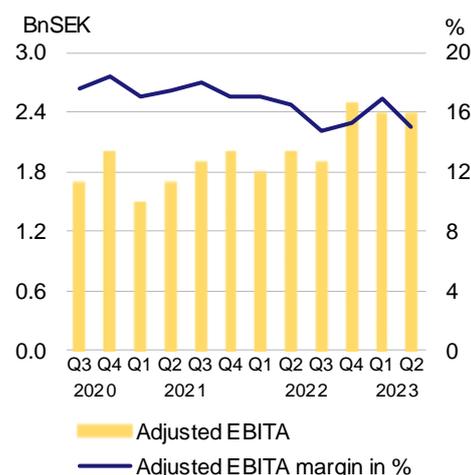
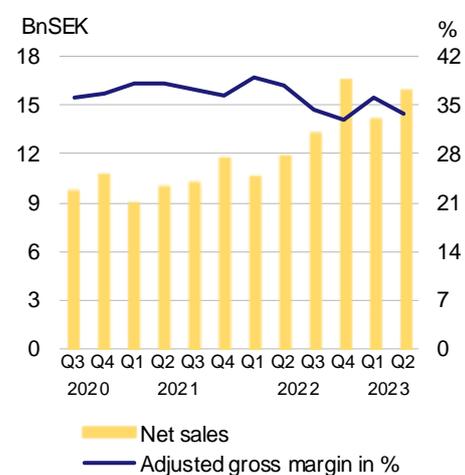
The costs for research and development during the first six months 2023 corresponded to 2.6 (2.9) percent of net sales. Excluding currency effects and acquisition/divestment of businesses, the costs for research and development increased by 16.8 percent during the second quarter and by 11.3 percent during the first six months 2023 compared to the corresponding periods last year.

Earnings per share was SEK 7.27 (4.97) for the first six months 2023. The corresponding figure excluding amortisation of step-up values and the corresponding tax, was SEK 8.19 (5.81).

## Comparison distortion items

| SEK millions  | Q2       |          | Jan-Jun  |             | Jan-Dec     | Last 12     |
|---|----------|----------|----------|-------------|-------------|-------------|
|   | 2023     | 2022     | 2023     | 2022        | 2022        | months      |
| <b>Other operating costs</b>                                      |          |          |          |             |             |             |
| Comparison distortion items:                                      |          |          |          |             |             |             |
| - Provision for financial consequences of Russia's war on Ukraine | -        | -        | -        | -327        | -400        | -73         |
| - Restructuring costs   | -        | -        | -        | -           | -367        | -367        |
| <b>Net comparison distortion items</b>                            | <b>-</b> | <b>-</b> | <b>-</b> | <b>-327</b> | <b>-767</b> | <b>-440</b> |

The comparison distortion items during the first six months 2022 were relating to costs triggered by Russia's war on Ukraine.



## Consolidated financial net and taxes

The financial net for the first six months 2023 was SEK -140 (-131) 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 -6 (-3) million, interest on the bilateral term loans of SEK -56 (-) million, interest on the corporate bonds of SEK -54 (-79) million, interest on the commercial paper programme of SEK -13 (-0) and a net of dividends, changes in fair value and other interest income and interest costs of SEK -11 (-49) million. The net of realised and unrealised exchange rate differences was SEK -91 (-52) million.

The tax on the result after financial items was SEK -488 (-424) million in the second quarter and SEK -1,021 (-752) million in the first six months 2023.

## Cash flow

During the first six months 2023 cash flows from operating and investing activities were SEK 1,259 (387) million. The figure for 2023 has been burdened with SEK -1,458 (-2,299) million for build-up of inventories due to the volume growth and to secure our ability to deliver.

Depreciation, excluding allocated step-up values, was SEK 727 (651) million during the first six months 2023.

Acquisition of businesses during the first six months 2023 amount to SEK -100 (-4) million. The figure for 2023 is relating to the acquisition of the remaining shares in Marine Performance Systems with SEK -24 million, the acquisition of additional shares in StormGeo's subsidiary Climatempo in Brazil with SEK -118 million and a reduction of the purchase price for Desmet with SEK 42 million. The figure for 2022 was relating to payment of withheld purchase price for the acquisition of Airec with SEK -4 million.

## Key figures

|  | Jun 30 |        | Dec 31 |
|--|--------|--------|--------|
|  | 2023   | 2022   | 2022   |
| Return on capital employed (%) <sup>1)</sup> | 18.6   | 19.1   | 17.3   |
| Return on equity (%) <sup>2)</sup>           | 15.9   | 15.1   | 13.5   |
| Solidity (%) <sup>3)</sup>                   | 41.7   | 46.4   | 43.9   |
| Net debt to EBITDA, times <sup>1)</sup>      | 1.49   | 1.09   | 1.47   |
| Debt ratio, times <sup>1)</sup>              | 0.44   | 0.29   | 0.37   |
| Number of employees <sup>4)</sup>            | 20,655 | 18,574 | 20,300 |

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.



# 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.

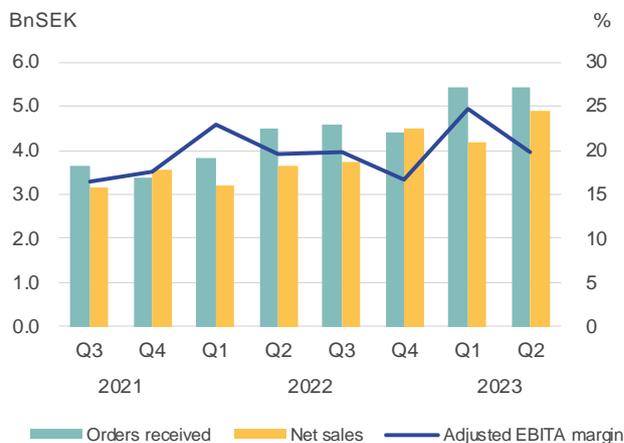
Focus is on increased energy efficiency, waste heat recovery and sustainable solutions.

- Order intake increased by 20 percent to SEK 5.4 (4.5) billion, with an organic growth of 13 percent.
- Net sales increased by 35 percent to SEK 4.9 (3.6) billion, with an organic growth of 28 percent.
- Adjusted EBITA of SEK 974 (708) million, corresponding to a margin of 19.8 percent.

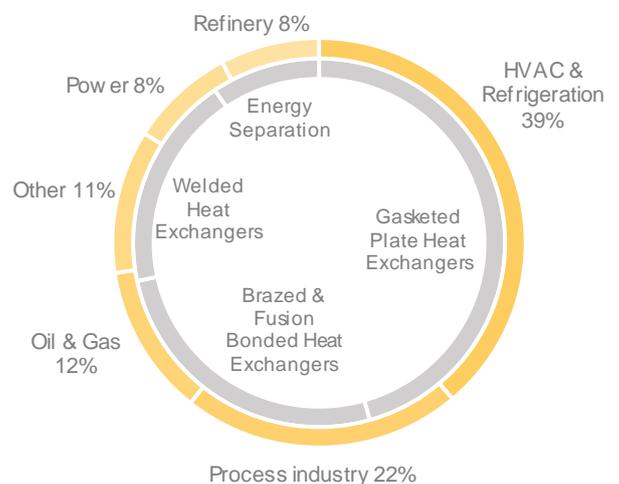
| SEK millions                        | Q2     |        | Jan-Jun |        | Jan-Dec | Last 12 |
|-------------------------------------|--------|--------|---------|--------|---------|---------|
|                                     | 2023   | 2022   | 2023    | 2022   | 2022    | months  |
| Orders received                     | 5,413  | 4,496  | 10,850  | 8,304  | 17,294  | 19,840  |
| Order backlog <sup>1)</sup>         | 10,716 | 7,625  | 10,716  | 7,625  | 8,517   | 10,716  |
| Net sales                           | 4,910  | 3,639  | 9,106   | 6,848  | 15,074  | 17,332  |
| Operating income <sup>2)</sup>      | 957    | 665    | 1,977   | 1,362  | 2,761   | 3,376   |
| Adjusted EBITA <sup>3)</sup>        | 974    | 708    | 2,011   | 1,446  | 2,927   | 3,492   |
| Adjusted EBITA margin <sup>4)</sup> | 19.8%  | 19.5%  | 22.1%   | 21.1%  | 19.4%   | 20.1%   |
| Depreciation                        | 82     | 79     | 162     | 156    | 352     | 358     |
| Amortisation                        | 17     | 43     | 34      | 84     | 166     | 116     |
| Investments <sup>5)</sup>           | 235    | 103    | 442     | 220    | 535     | 757     |
| Assets <sup>1)</sup>                | 19,873 | 16,188 | 19,873  | 16,188 | 17,330  | 19,873  |
| Liabilities <sup>1)</sup>           | 7,997  | 6,387  | 7,997   | 6,387  | 6,574   | 7,997   |
| Number of employees <sup>1)</sup>   | 5,534  | 5,266  | 5,534   | 5,266  | 5,457   | 5,534   |

1) At end of period. 2) Excluding comparison distortion items. 3) Alternative performance measure. 4) Adjusted EBITA/net sales. 5) Excluding new leases.

## Quarterly development



## Order intake Jan-Jun 2023 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 good order growth in the second quarter compared to the same quarter last year. The positive development for energy efficiency solutions continued and growth was further supported by increased demand for clean energy solutions and within fossil fuels, especially gas and refinery. The service business developed in a positive way. Order intake was strong across many geographical markets, particularly in the Americas, India and the Middle East. High demand was also noted in Eastern Europe whilst demand in the rest of Europe was unchanged. Demand in Asia was lower compared to the same quarter last year, mainly as a consequence of lower activity in China.

Order intake in the largest end market, HVAC\*\* & refrigeration was stable. Growth remained positive in heat pumps and datacentre cooling, whilst demand was somewhat lower in the traditional heating and cooling and in commercial refrigeration. Replacing the energy supplied from Russia by supply from other regions, continued to drive investment in fossil fuel production and distribution. Order intake grew and a number of larger projects in gas and refinery were booked in the quarter. Demand from customers in the process industries grew in the quarter, mainly driven by energy efficiency investments in metal manufacturing and in pulp & paper but also by orders related to carbon capture and green hydrogen production.

Service grew well in the quarter. A positive development was seen across most industries and geographical markets for both spare parts and services.

### Net sales\*

Net sales grew in all end markets, despite some remaining capacity constraints and supply chain challenges. Both service and capital sales grew.

### Adjusted EBITA

The increased net sales in the quarter had a positive volume effect. The net mix effect is slightly negative due to increased raw material costs. Increased sales activities, cost related to investments and inflationary pressure resulted in increasing overhead cost. Currency has a small positive impact.

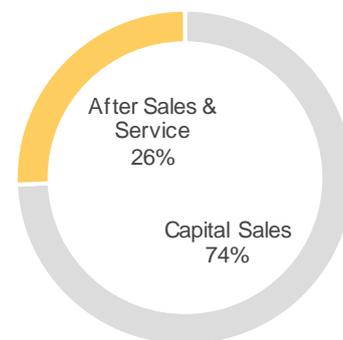
| SEK millions/%           | Order bridge |         |
|--------------------------|--------------|---------|
|                          | Q2           | Jan-Jun |
| 2022                     | 4,496        | 8,304   |
| Organic <sup>1)</sup>    | 13.3%        | 23.1%   |
| Structural <sup>1)</sup> | -            | -       |
| Currency                 | 7.1%         | 7.6%    |
| Total                    | 20.4%        | 30.7%   |
| 2023                     | 5,413        | 10,850  |

1) Change excluding currency effects.

| SEK millions/%           | Sales bridge |         |
|--------------------------|--------------|---------|
|                          | Q2           | Jan-Jun |
| 2022                     | 3,639        | 6,848   |
| Organic <sup>1)</sup>    | 27.8%        | 25.2%   |
| Structural <sup>1)</sup> | -            | -       |
| Currency                 | 7.1%         | 7.8%    |
| Total                    | 34.9%        | 33.0%   |
| 2023                     | 4,910        | 9,106   |

1) Change excluding currency effects.

### Order intake Jan-Jun 2023 split on:



| SEK millions         | Income bridge |         |
|----------------------|---------------|---------|
|                      | Q2            | Jan-Jun |
| Adjusted EBITA 2022  | 708           | 1,446   |
| Volume <sup>1)</sup> | 377           | 690     |
| Mix <sup>1)</sup>    | -15           | 20      |
| Costs <sup>1)</sup>  | -124          | -199    |
| Currency             | 28            | 54      |
| Adjusted EBITA 2023  | 974           | 2,011   |

1) Change excluding currency effects.

\* Comments excluding currency effects.

\*\* Heating, Ventilation & Air Conditioning.



# Food & Water Division

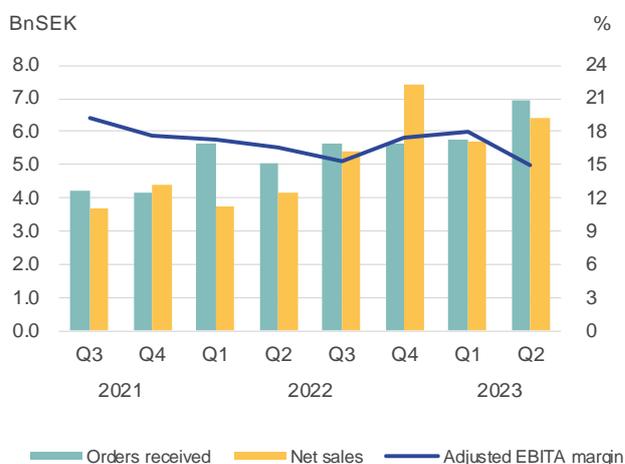
The division offers different types of products for heat transfer, separation and hygienic fluid handling and targets customers in food, pharmaceuticals, biotech, vegetable oils, brewery, dairy and body care products. In addition, the division focuses on public and industrial water treatment as well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

- Order intake increased by 38 percent to SEK 6.9 (5.0) billion, with an organic growth of -4 percent.
- Net sales increased by 55 percent to 6.4 (4.1) billion, with an organic growth of 18 percent.
- Adjusted EBITA of SEK 962 (684) million, corresponding to a margin of 15.0 percent.

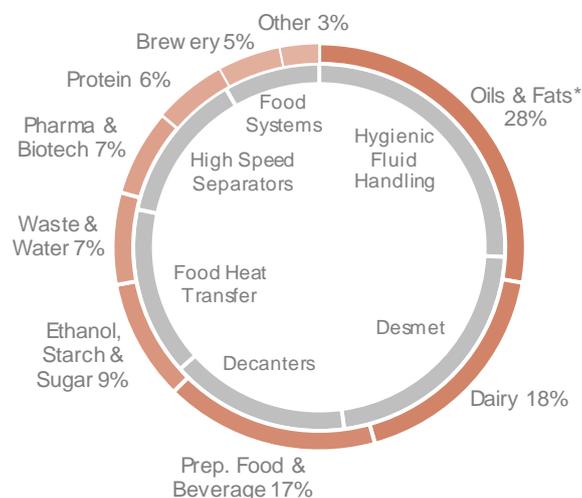
| SEK millions                        | Q2     |        | Jan-Jun |        | Jan-Dec | Last 12 |
|-------------------------------------|--------|--------|---------|--------|---------|---------|
|                                     | 2023   | 2022   | 2023    | 2022   | 2022    | months  |
| Orders received                     | 6,941  | 5,033  | 12,717  | 10,685 | 21,909  | 23,941  |
| Order backlog <sup>1)</sup>         | 15,454 | 10,169 | 15,454  | 10,169 | 14,381  | 15,454  |
| Net sales                           | 6,412  | 4,140  | 12,134  | 7,882  | 20,691  | 24,943  |
| Operating income <sup>2)</sup>      | 901    | 674    | 1,868   | 1,313  | 3,339   | 3,894   |
| Adjusted EBITA <sup>3)</sup>        | 962    | 684    | 1,989   | 1,333  | 3,458   | 4,114   |
| Adjusted EBITA margin <sup>4)</sup> | 15.0%  | 16.5%  | 16.4%   | 16.9%  | 16.7%   | 16.5%   |
| Depreciation                        | 107    | 67     | 236     | 185    | 449     | 500     |
| Amortisation                        | 61     | 10     | 121     | 20     | 119     | 220     |
| Investments <sup>5)</sup>           | 108    | 57     | 193     | 121    | 360     | 432     |
| Assets <sup>1)</sup>                | 22,555 | 13,964 | 22,555  | 13,964 | 21,196  | 22,555  |
| Liabilities <sup>1)</sup>           | 8,485  | 6,355  | 8,485   | 6,355  | 8,291   | 8,485   |
| Number of employees <sup>1)</sup>   | 8,217  | 6,829  | 8,217   | 6,829  | 8,052   | 8,217   |

1) At end of period. 2) Excluding comparison distortion items. 3) Alternative performance measure. 4) Adjusted EBITA/net sales. 5) Excluding new leases.

## Quarterly development



## Order intake Jan-Jun 2023 split per end market/business unit



\* Edible oil has been renamed to Oils & Fats



### Order intake\*

Order intake grew compared to the same quarter last year. Organically, the order intake declined slightly as a consequence of somewhat lower activity levels given the economic uncertainty in many markets. Geographically, this was reflected in strong growth in Latin America whereas the U.S. and Asia were both unchanged and Europe reported lower demand.

Order intake in oils & fats was unchanged excluding the recently acquired Desmet, which in turn had a strong order intake in traditional oils and fats that compensated for a lower order intake of HVO\*\* for biodiesel. Order intake for dairy decreased despite strong growth in the U.S. as both Europe and Asia declined. The pharma & biotech market declined across all geographical regions as the COVID related capacity build-up has come to an end. In ethanol, starch & sugar, the order intake for ethanol was strong and grew significantly in both Latin America and North America driven by biofuel demand as a result of higher blending requirements. Europe was unchanged whereas Asia declined somewhat. The order intake for waste & water contracted, due to lack of public funding. The order intake for brewery was unchanged but with good activity despite less of larger capacity expansion projects. Demand is instead coming from replacements and process and yield improving products and solutions.

Service showed a strong double-digit growth in almost all end-markets. Growth was primarily driven by service and upgrading opportunities, although the spare parts business also showed a positive development. Geographically, Latin America and North America showed the strongest growth, followed by Europe and Asia.

### Net sales\*

Net sales increased significantly in the quarter with factories benefitting from a further stabilization in the global supply chain. Capital sales grew slightly faster than service. Sales grew across all sectors with the strongest increases in protein and brewery, followed by pharma. Geographically, the net sales growth was especially positive in the U.S.

### Adjusted EBITA

The strong organic growth and the addition of Desmet meant a very strong volume effect. With a lower share of service of total sales as a result of the scope offered in Desmet and combined with a changed mix between the Business Units, the overall mix effect was negative. Inflationary pressure increased costs although cost for Desmet is now also included. A positive currency effect compensated slightly for the increased cost.

\* Comments excluding currency effects.

\*\* Hydrotreated Vegetable Oil.

### Order bridge

| SEK millions/%           | Q2    | Jan-Jun |
|--------------------------|-------|---------|
| 2022                     | 5,033 | 10,685  |
| Organic <sup>1)</sup>    | -3.9% | -12.9%  |
| Structural <sup>1)</sup> | 34.0% | 24.4%   |
| Currency                 | 7.8%  | 7.5%    |
| Total                    | 37.9% | 19.0%   |
| 2023                     | 6,941 | 12,717  |

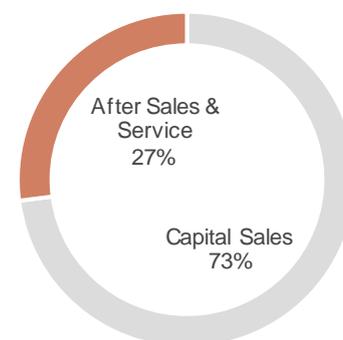
1) Change excluding currency effects.

### Sales bridge

| SEK millions/%           | Q2    | Jan-Jun |
|--------------------------|-------|---------|
| 2022                     | 4,140 | 7,882   |
| Organic <sup>1)</sup>    | 18.5% | 17.5%   |
| Structural <sup>1)</sup> | 27.2% | 26.7%   |
| Currency                 | 9.2%  | 9.7%    |
| Total                    | 54.9% | 53.9%   |
| 2023                     | 6,412 | 12,134  |

1) Change excluding currency effects.

### Order intake Jan-Jun 2023 split on:



### Income bridge

| SEK millions         | Q2   | Jan-Jun |
|----------------------|------|---------|
| Adjusted EBITA 2022  | 684  | 1,333   |
| Volume <sup>1)</sup> | 630  | 1,221   |
| Mix <sup>1)</sup>    | -152 | -232    |
| Costs <sup>1)</sup>  | -249 | -433    |
| Currency             | 49   | 100     |
| Adjusted EBITA 2023  | 962  | 1,989   |

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 digital solutions and several different environmental products, including systems to clean ballast water and exhaust gases.

- Order intake increased by 24 percent to SEK 6.1 (4.9) billion, with an organic growth of 18 percent.
- Net sales increased by 12 percent to SEK 4.6 (4.1) billion, with an organic growth of 5 percent.
- Adjusted EBITA of SEK 565 (692) million, corresponding to a margin of 12.4 percent.

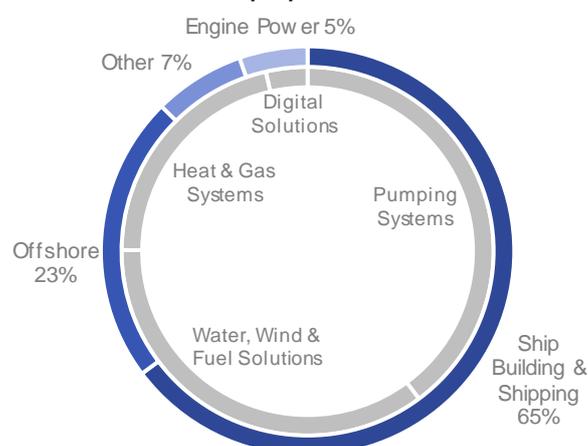
| SEK millions                        | Q2     |        | Jan-Jun |        | Jan-Dec | Last 12 |
|-------------------------------------|--------|--------|---------|--------|---------|---------|
|                                     | 2023   | 2022   | 2023    | 2022   | 2022    | months  |
| Orders received                     | 6,051  | 4,892  | 13,223  | 8,687  | 19,442  | 23,978  |
| Order backlog <sup>1)</sup>         | 18,807 | 11,712 | 18,807  | 11,712 | 14,122  | 18,807  |
| Net sales                           | 4,558  | 4,073  | 8,751   | 7,737  | 16,370  | 17,384  |
| Operating income <sup>2)</sup>      | 402    | 530    | 795     | 920    | 1,741   | 1,616   |
| Adjusted EBITA <sup>3)</sup>        | 565    | 692    | 1,121   | 1,245  | 2,399   | 2,275   |
| Adjusted EBITA margin <sup>4)</sup> | 12.4%  | 17.0%  | 12.8%   | 16.1%  | 14.7%   | 13.1%   |
| Depreciation                        | 95     | 74     | 164     | 147    | 312     | 329     |
| Amortisation                        | 163    | 162    | 326     | 325    | 658     | 659     |
| Investments <sup>5)</sup>           | 50     | 50     | 92      | 93     | 235     | 234     |
| Assets <sup>1)</sup>                | 31,167 | 30,109 | 31,167  | 30,109 | 30,932  | 31,167  |
| Liabilities <sup>1)</sup>           | 8,145  | 6,852  | 8,145   | 6,852  | 7,241   | 8,145   |
| Number of employees <sup>1)</sup>   | 5,504  | 5,228  | 5,504   | 5,228  | 5,465   | 5,504   |

1) At end of period. 2) Excluding comparison distortion items. 3) Alternative performance measure. 4) Adjusted EBITA/net sales. 5) Excluding new leases.

## Quarterly development



## Order intake Jan-Jun 2023 split per end market/business unit\*



\* Business Units Boilers and Gas Systems (within Environmental Products) have been merged into Heat & Gas Systems. The Business Unit Separation & Heat Transfer has been renamed to Water, Wind & Fuel Solutions and includes Ballast Water Treatment that previously was reported within Environmental Products.



### Order intake\*

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

The underlying market sentiment related to the building of new vessels was on a similar level compared to the same period last year. New contracting has been driven primarily by tankers and vehicle carriers, with a slightly increased level of contracting also in the other ship segments. In addition, there has been a continued growing demand for sustainability related solutions which mitigate CO<sub>2</sub> emissions, including solutions around energy efficiency and low and zero carbon fuels. Demand for PureBallast has eased further as fewer vessels remain to be retrofitted before the approaching 2024 regulatory deadline and the market gets more oriented to new vessels. Order intake for marine cargo pumping systems increased significantly compared to the same quarter last year. Order intake for offshore decreased slightly but the underlying market sentiment in this area remained strong due to stable oil prices and new projects to safeguard long term energy supply.

Order intake for service improved compared to the same quarter last year. Growth was driven by a good activity level in shipping and a growing environmental installed base. High freight rates in the tanker vessel segment and the need to keep vessel assets in good operational readiness resulted in increased on-board maintenance and 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 for most product groups in capital sales, particularly within oil & gas, offset the lower sales for marine cargo pumping systems and PureBallast.

### Adjusted EBITA

Adjusted EBITA decreased in the second quarter compared to the same quarter last year, despite a positive volume effect. The higher margin for service was not enough to compensate for the lower margin in capital sales influenced by product mix, material cost increases and negative currency impact on hedging. The factory and engineering result was negatively affected by the low factory load of Pumping Systems. The cost level was higher than last year due to a higher activity level.

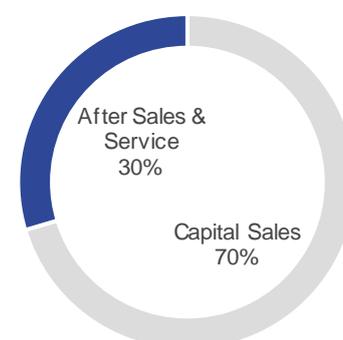
| SEK millions/%           | Order bridge |         |
|--------------------------|--------------|---------|
|                          | Q2           | Jan-Jun |
| 2022                     | 4,892        | 8,687   |
| Organic <sup>1)</sup>    | 17.8%        | 45.6%   |
| Structural <sup>1)</sup> | 2.4%         | 2.3%    |
| Currency                 | 3.5%         | 4.3%    |
| Total                    | 23.7%        | 52.2%   |
| 2023                     | 6,051        | 13,223  |

1) Change excluding currency effects.

| SEK millions/%           | Sales bridge |         |
|--------------------------|--------------|---------|
|                          | Q2           | Jan-Jun |
| 2022                     | 4,073        | 7,737   |
| Organic <sup>1)</sup>    | 4.7%         | 5.7%    |
| Structural <sup>1)</sup> | 2.3%         | 2.1%    |
| Currency                 | 4.9%         | 5.3%    |
| Total                    | 11.9%        | 13.1%   |
| 2023                     | 4,558        | 8,751   |

1) Change excluding currency effects.

### Order intake Jan-Jun 2023 split on:



| SEK millions         | Income bridge |         |
|----------------------|---------------|---------|
|                      | Q2            | Jan-Jun |
| Adjusted EBITA 2022  | 692           | 1,245   |
| Volume <sup>1)</sup> | 109           | 232     |
| Mix <sup>1)</sup>    | -233          | -410    |
| Costs <sup>1)</sup>  | -20           | 18      |
| Currency             | 17            | 36      |
| Adjusted EBITA 2023  | 565           | 1,121   |

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 |
|-----------------------------------|-------|-------|---------|-------|---------|---------|
|                                   | 2023  | 2022  | 2023    | 2022  | 2022    | months  |
| Orders received                   | 0     | 0     | 0       | 0     | 0       | 0       |
| Order backlog <sup>1)</sup>       | 0     | 0     | 0       | 0     | 0       | 0       |
| Net sales                         | 0     | 0     | 0       | 0     | 0       | 0       |
| Operating income <sup>2)</sup>    | -133  | -121  | -348    | -243  | -507    | -612    |
| Adjusted EBITA <sup>3)</sup>      | -132  | -121  | -346    | -243  | -507    | -610    |
| Depreciation                      | 100   | 73    | 165     | 163   | 336     | 338     |
| Amortisation                      | 1     | 0     | 2       | 0     | 0       | 2       |
| Investments <sup>5)</sup>         | 156   | 101   | 262     | 151   | 723     | 834     |
| Assets <sup>1)</sup>              | 2,219 | 1,534 | 2,219   | 1,534 | 1,983   | 2,219   |
| Liabilities <sup>1)</sup>         | 1,022 | 844   | 1,022   | 844   | 1,097   | 1,022   |
| Number of employees <sup>1)</sup> | 1,400 | 1,251 | 1,400   | 1,251 | 1,326   | 1,400   |

1) At end of period. 2) Excluding comparison distortion items. 3) Alternative performance measure.

4) Adjusted EBITA/net sales. 5) Excluding new leases.

Adjusted EBITA decreased in the first six months 2023 compared to the corresponding period last year reflecting a higher activity level in turn driven by the high sales and order level.

## Reconciliation between Divisions and Group total

| SEK millions                 | Q2     |        | Jan-Jun |        | Jan-Dec | Last 12 |
|------------------------------|--------|--------|---------|--------|---------|---------|
|                              | 2023   | 2022   | 2023    | 2022   | 2022    | months  |
| <b>Adjusted EBITA</b>        |        |        |         |        |         |         |
| Total for divisions          | 2,369  | 1,963  | 4,775   | 3,781  | 8,277   | 9,271   |
| Amortisation                 | -242   | -215   | -483    | -429   | -943    | -997    |
| Comparison distortion items  | -      | -      | -       | -327   | -767    | -440    |
| Consolidation adjustments *  | 9      | -4     | -10     | -6     | -48     | -52     |
| Total operating income       | 2,136  | 1,744  | 4,282   | 3,019  | 6,519   | 7,782   |
| Financial net                | -133   | -168   | -231    | -183   | -340    | -388    |
| Result after financial items | 2,003  | 1,576  | 4,051   | 2,836  | 6,179   | 7,394   |
| <b>Assets **</b>             |        |        |         |        |         |         |
| Total for divisions          | 75,814 | 61,795 | 75,814  | 61,795 | 71,441  | 75,814  |
| Corporate ***                | 8,879  | 7,712  | 8,879   | 7,712  | 9,808   | 8,879   |
| Group total                  | 84,693 | 69,507 | 84,693  | 69,507 | 81,249  | 84,693  |
| <b>Liabilities **</b>        |        |        |         |        |         |         |
| Total for divisions          | 25,649 | 20,438 | 25,649  | 20,438 | 23,203  | 25,649  |
| Corporate ***                | 23,755 | 16,807 | 23,755  | 16,807 | 22,342  | 23,755  |
| Group total                  | 49,404 | 37,245 | 49,404  | 37,245 | 45,545  | 49,404  |

\* 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 |            |
|--------------------------------|--|---------------|--------------|-------------------------|------------|
|                                |  |               |              | Q2 2023                 | Q2 2022    |
| Scope of supply                |  | SEK millions  |              |                         |            |
| <b>Energy</b>                  |  |               |              |                         |            |
| Welded Heat Exchangers         |  |               |              |                         |            |
|                                | Wet surface air cooler for a polypropylene plant in the U.S.                           | 2024          | 143          |                         |            |
|                                | Spiral heat exchangers for a refinery in India.  | 2024          | 86           | 229                     | 125        |
| Gasketed Plate Heat Exchangers |  |               |              |                         |            |
|                                | Plate heat exchangers for a petrochemical plant in the Middle East.                    | 2023          | 105          | 105                     | 113        |
| <b>Food &amp; Water</b>        |  |               |              |                         |            |
| Food Systems                   |  |               |              |                         |            |
|                                | Equipment for a pharmaceutical plant in Malaysia.                                      | 2023          | 59           |                         |            |
|                                | Pre-treatment systems for a bio fuel plant in South Korea.                             | 2024          | 87           | 146                     | 68         |
| Desmet                         |  |               |              |                         |            |
|                                | Vacuum dryer for a canola oil extraction plant in Australia.                           | 2024          | 85           |                         |            |
|                                | Steam jet ejector and separator for a biodiesel plant in Indonesia                     | 2024          | 83           |                         |            |
|                                | Refining equipment for an oilseed refinery in the U.S.                                 | 2024          | 334          |                         |            |
|                                | Preparation equipment for a soybean and canola seed plant in the U.S.                  | 2024          | 214          |                         |            |
|                                | Extraction & water degumming equipment for a soybean and canola seed plant in the U.S. | 2024          | 146          |                         |            |
|                                | Pretreatment and refining equipment for a soybean and sunflower refinery in the U.S.   | 2024          | 159          |                         |            |
|                                | Equipment for a palm oil fractionation plant in Indonesia.                             | 2024          | 152          | 1,173                   | -          |
| Decanters                      |  |               |              |                         |            |
|                                | Ashbrook winkle presses for a sludge processing plant in the U.S.                      | 2026          | 68           | 68                      | -          |
| <b>Marine</b>                  |  |               |              |                         |            |
| Heat & Gas Systems             |  |               |              |                         |            |
|                                | Boiler system for a FSRU* in Europe.   | 2024          | 69           |                         |            |
|                                | Waste heat recovery and back-up boiler system for a paper mill in Europe.              | 2024          | 200          | 269                     | 219        |
| Pumping Systems                |  |               |              |                         |            |
|                                | Sea water lift pumps to an FPSO** vessel outside West Africa.                          | 2024          | 66           |                         |            |
|                                | Sea water lift pumps to an FPSO** vessel outside South America.                        | 2024          | 62           |                         |            |
|                                | Cargo pumps to an FPSO** vessel outside South America.                                 | 2024          | 123          | 251                     | 135        |
| <b>Total</b>                   |  |               |              | <b>2,241</b>            | <b>660</b> |

\* Floating Storage Regasification Unit.

\*\* Floating Production, Storage and Offloading.

## Information about products and services

### Net sales by product/service \*

| SEK millions         | Q2            |               | Jan-Jun       |               | Jan-Dec       | Last 12 months |
|----------------------|---------------|---------------|---------------|---------------|---------------|----------------|
|                      | 2023          | 2022          | 2023          | 2022          | 2022          |                |
| Own products within: |               |               |               |               |               |                |
| Separation           | 2,656         | 1,934         | 4,880         | 3,606         | 8,613         | 9,887          |
| Heat transfer        | 6,410         | 4,794         | 11,992        | 9,084         | 20,149        | 23,057         |
| Fluid handling       | 2,967         | 2,681         | 5,852         | 5,284         | 11,275        | 11,843         |
| Marine environmental | 885           | 1,123         | 1,813         | 2,068         | 3,995         | 3,740          |
| Other                | 0             | 0             | 0             | 0             | 0             | 0              |
| Associated products  | 1,890         | 459           | 3,449         | 843           | 4,567         | 7,173          |
| Services             | 1,072         | 861           | 2,005         | 1,582         | 3,536         | 3,959          |
| <b>Total</b>         | <b>15,880</b> | <b>11,852</b> | <b>29,991</b> | <b>22,467</b> | <b>52,135</b> | <b>59,659</b>  |

\* 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.

# Sustainability

With one foot in the traditional industrial economy and the other exploring the new digital and sustainable landscape, Alfa Laval is uniquely positioned to play an essential role in transforming the fossil-fuel world into one that is sustainable, decarbonized, open and inclusive. This journey is ongoing and Alfa Laval is constantly optimizing and refining its existing ways of working, while pioneering and developing new technologies to meet tomorrow's demands.

Sustainability is our passion. We are committed to take the lead in the development towards a net zero world and our targets for carbon neutrality 2030 and net zero 2050 have been validated by SBTi. Our technology leadership within heat transfer, separation and fluid handling are key enablers in the transition towards a more sustainable world, tackling the global challenges of food, clean water, energy and transportation. To make the most positive impact possible with our competencies and resources, we focus our efforts on the four pillars of energy efficiency, clean energy, sustainable food and circularity. Through partnerships with key stakeholders, we strive to accelerate and make positive impact every day, each step of the way, together.

## Case study



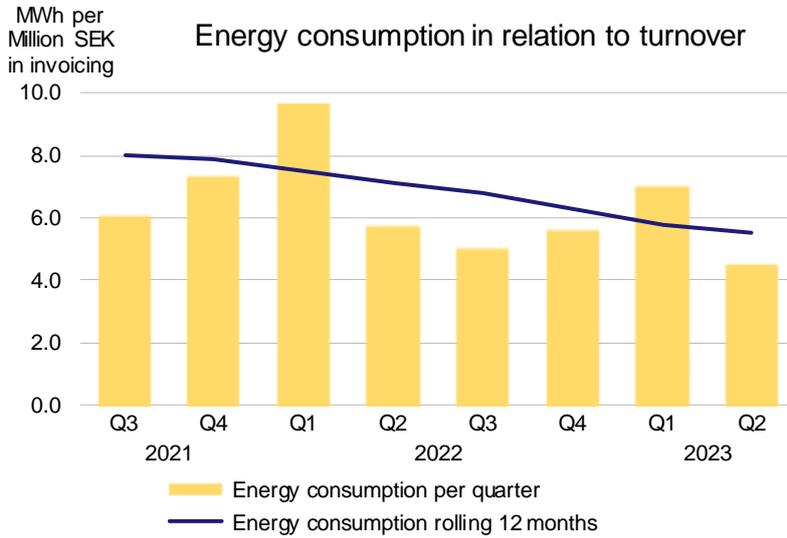
Pune is one of the fastest growing cities in India with a population that is expected to reach 6 million by 2032. Safeguarding water security is high on the city's agenda.

Against this background Alfa Laval decided to implement a system for the circular re-use of water to achieve more balanced withdrawal of raw water at its manufacturing site in Pune. Alfa Laval's own decanters and membrane bioreactor were installed to treat the waste water at the site. The new treatment plant cleans 90,000 litres of waste water per day from several different sources. Installation of the new system was completed in 2021 and enables 100 percent water recycling and zero liquid discharge. This has saved 12,000 cubic metres or 12 million litres of water a year. By handling effluents in a much better way, Alfa Laval India has secured the safe removal of chemicals including acids, alkalis, and paint residues.

## Quarterly follow up

Alfa Laval's sustainability targets aim to drive efficiency and behavioural change to achieve better results in the short and long term. For the quarterly reports, Alfa Laval has chosen to highlight the development in the areas of energy consumption, CO<sub>2</sub> emissions and injuries. For more details on Alfa Laval's sustainability strategy and the full scope of the company's sustainability targets, please see the Alfa Laval Sustainability report 2022.

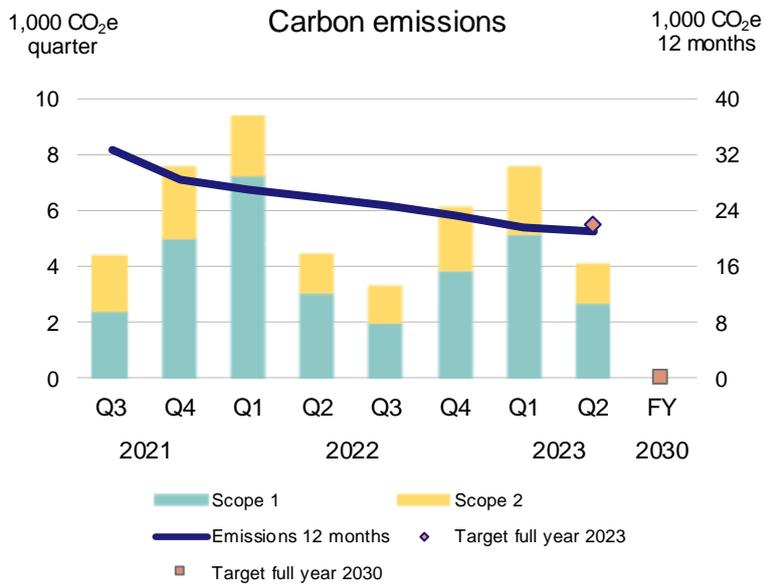
## Energy



During the second quarter 2023, the company decreased the energy consumption through energy-efficiency initiatives that have been implemented broadly in real estate and manufacturing. This includes optimizing ventilation systems and furnaces. In addition, a number of initiatives have resulted in minor individual savings in day-to-day operations. As a part of continuous improvements these are adding up to an important contribution.

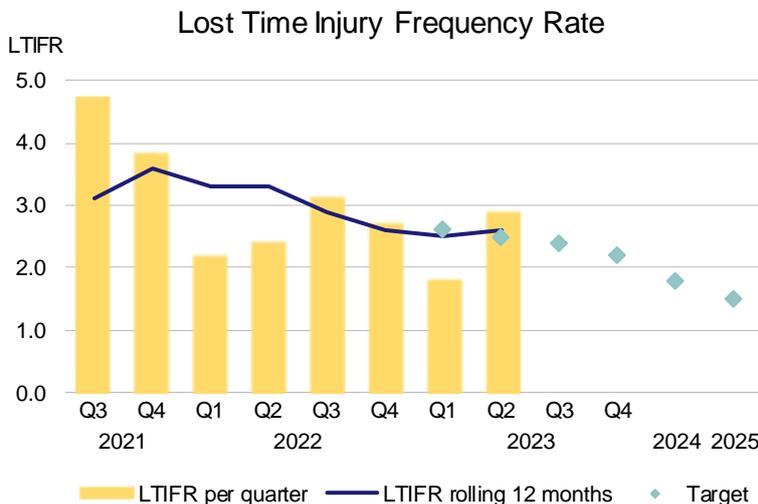
Energy consumption is followed up in relation to the turnover in order not to be distorted by a growing business.

## Carbon emissions



During the second quarter of 2023, the energy efficiency initiatives described above had a positive impact. During the quarter, Alfa Laval increased the proportion of renewable electricity as part of the energy mix, resulting in a decrease of Scope 2 emissions. Furthermore, reducing the use of natural gas and switching to alternative energy sources is progressing, leading to a reduction in Scope 1.

## Health and safety



In the second quarter 2023, 26 LTIs were reported, compared to 20 in the same quarter 2022. The company is implementing an action plan to address this trend in the relevant sites, as the increases are attributable to specific locations.

LTIFR =  $\frac{\text{Number of lost time injuries in time period} * 1,000,000}{\text{Exposed/Worked hours in time period}}$

## New products during the second quarter

During the second quarter Alfa Laval has introduced among others the following new products that help our customers to become more energy efficient, reduce their carbon foot print and improve their processes:

### Extension of Alfa Laval Twin Screw pump range

The Alfa Laval Twin Screw Pump range has been extended with four additional sizes. These new sizes OS-27, OS-28, OS-37 and OS-38 provide customers with even more opportunities to select the right-sized pump for hygienic applications across the dairy, food, beverage and home and personal care industries. Like our existing twin screw pumps, these easily handle sensitive and abrasive high- and low-viscosity products, providing the process flexibility and hygiene required for both product transfer and cleaning-in-place.



### Alfa Laval Smart Heat Exchanger

By running heat exchangers at optimal performance, an energy capacity saving is possible, accounting for up to 2.5% of global CO<sub>2</sub> emissions. To improve energy efficiency and reduce CO<sub>2</sub> emissions, digitalization is a key enabler. Alfa Laval Smart Heat Exchanger is an online connected service that proactively monitors Plate Heat Exchangers. By implementing sensors on the equipment or collecting existing data through an application programming interface, our dedicated analytics enable customers to oversee current and predicted future status through online software. This enables informed decision-making to ensure that heat exchangers are performing optimally.



### AQUA Blue E2

Alfa Laval AQUA Blue freshwater generators convert seawater into high-quality fresh water with an optimized process that occurs in a single plate pack. The AQUA Blue E2 freshwater generator applies the 3-in-1 AQUA plate technology in two stages, which shrinks its footprint and multiplies the green benefits. Using 50% less electrical power than conventional single- and two-stage freshwater generators, the AQUA Blue E2 produces 20–100 m<sup>3</sup> of fresh water per day. The AQUA Blue E2 freshwater generator has all the strengths of our single-stage AQUA Blue E1 models, including AQUA plates with non-glued gaskets, but with two stages it is 50 percent more efficient, which helps the shipowners to decarbonize.



### New Alfa Laval Analytics for online conditioning monitoring

The new Alfa Laval Analytics is a user-friendly and affordable solution for online condition monitoring in the hygienic industries. The AI-based solution helps customers keep pumps at peak performance at all times and is an important enabler of strategies for predictive maintenance and sustainable operation. Continuous monitoring and early warning of possible failures can improve uptime, extend equipment lifetime, save resources and reduce carbon footprint. Analytics is part of the Connected Services programme of Alfa Laval, where new services will be added on an ongoing basis.



### New Alfa Laval Unique Mixproof CIP and Unique Process valves

The Alfa Laval Unique Mixproof CIP is a streamlined double-seat valve for the safe and efficient flow management of cleaning media during cleaning-in-place. The Unique Mixproof Process, a compact version of our double seat valves, is configurable and available in various sizes to meet manufacturers' fundamental hygienic processing requirements. Both can simultaneously route two different fluids without the risk of cross-contamination, increasing uptime and reducing total cost of ownership.



### Alfa Laval HyDuo

HyDuo is a freshwater generator system for production of green hydrogen that cools down the electrolyser and reuses waste heat to produce ultra-pure water, all in one simple process step that eliminates traditional desalination and cooling equipment. This cutting-edge 2-in-1 system is available in two configurations with different capacities: the AQUA HyDuo with up to 60 m<sup>3</sup>/day and the MEP HyDuo with up to 2,000 m<sup>3</sup>/day, suitable for both river and seawater. HyDuo uses titanium plates to minimise corrosion and extend maintenance intervals.



### Alfa Laval AC900

Alfa Laval AC900 is the newest addition to the Alfa Laval brazed plate heat exchanger portfolio. It is a compact, single-circuit solution with an extra-large gas outlet port. The AC900 is optimized for low-density, low-GWP (Global Warming Potential) refrigerants and is perfect both for heat pumps and for small to medium capacity chillers, including those with screw compressors. It requires a much lower refrigerant charge and covers capacities up to 600 kW which creates new possibilities in applications where shell-and-tube heat exchangers currently dominate.



### Dry Rendering Optimizer

The Alfa Laval Dry Rendering Optimizer enables up to 40 percent savings in energy by reusing the waste heat from the drying process. It raises the protein content in the meal by up to 5 percent and the yield of high-purity fat by more than 10 percent. The reuse of animal agriculture resources and waste heat helps reduce carbon emissions, fossil fuel use, and utility costs, thus adding the Dry Rendering Optimizer to Alfa Laval's portfolio of sustainable solutions.



### Plant Protein Separation System

The Alfa Laval Plant Protein Separation System is a solution for separating plant-based proteins using less space and less energy than conventional systems. The Plant Protein Separation System allows customers to improve protein isolate output and quality. The system is a combination of an Alfa Laval separator with the patented TopStream™ technology and Alfa Laval's Foodec decanter. It makes it easy to install a new, energy-efficient plant protein separation system or retrofit an existing one while lowering the total cost of ownership.

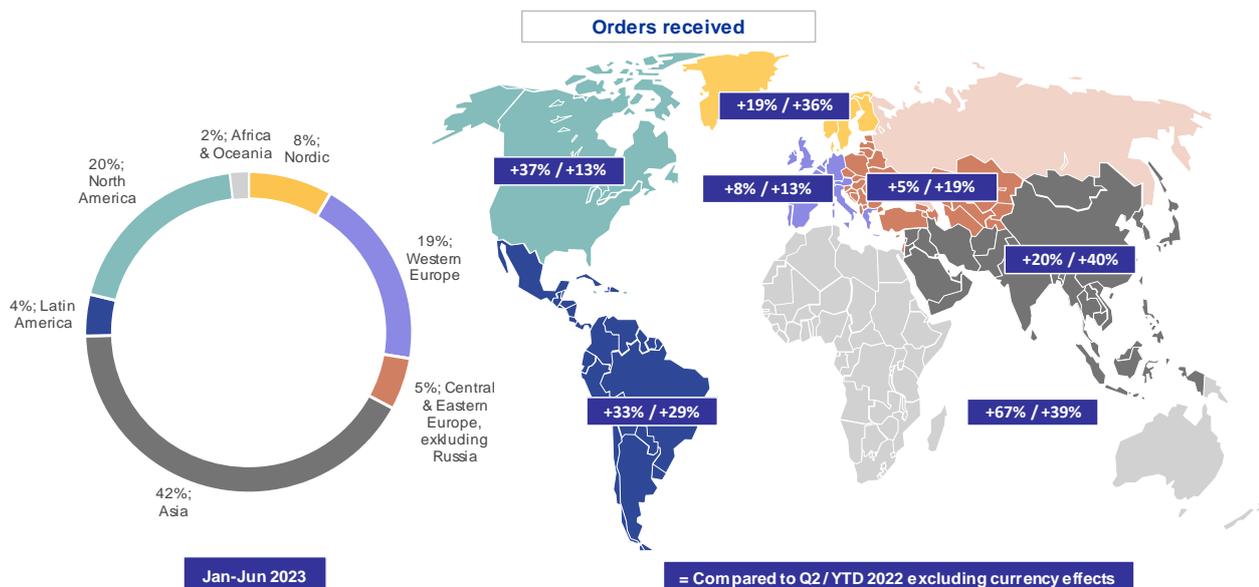


### Alfa Laval GHR

The Alfa Laval GHR (Gas Heat Recovery Heat Exchanger) is a compact gas heat recovery heat exchanger that has been specially designed to recover excess heat from gas engines, turbines, and clean process flues. The GHR heat exchanger captures excess heat from process gas and generates hot water, steam, or hot oil that can be re-used for other purposes. It can even generate electricity via ORC. But that is not all. With a plug & play module, compact size, and low weight, the GHR is easy to install. Thanks to all of these benefits, the GHR comes with a short payback time and lower CO<sub>2</sub> emissions.



## Information by region



### Western Europe including Nordic

The region reported strong growth in order intake compared to the same quarter last year. Energy grew driven by process industry and refinery. Food & Water reported a good underlying demand in dairy and protein. Marine grew mainly in offshore and engine power. Service reported growth in Food & Water and Marine.

### Central and Eastern Europe

The order intake in the region increased strongly compared to the same quarter last year and the effects of the war in Russia and Ukraine has slowly petered out. Energy grew in HVAC & refrigeration and process industry. Food & Water reported a solid growth in oils & fats and brewery. Marine noted a weaker demand in shipbuilding & shipping. Excluding Russia and Ukraine, service reported double-digit growth in Energy and Food & Water.

### North America

The region reported double-digit growth in order intake compared to the same quarter last year. Energy noted growth driven by oil & gas and refinery. Food & Water noted a double-digit growth driven by oils & fats and ethanol, starch & sugar. Marine reported a strong underlying demand in shipbuilding & shipping. Service grew in all three divisions.

### Latin America

The order intake in the region grew with double digits compared to the same quarter last year. Energy reported strong demand in refinery. Food & Water reported double-digit growth driven by prepared food & beverage and ethanol, starch & sugar. Marine reported a good underlying demand in shipping. Service reported growth in all three divisions.

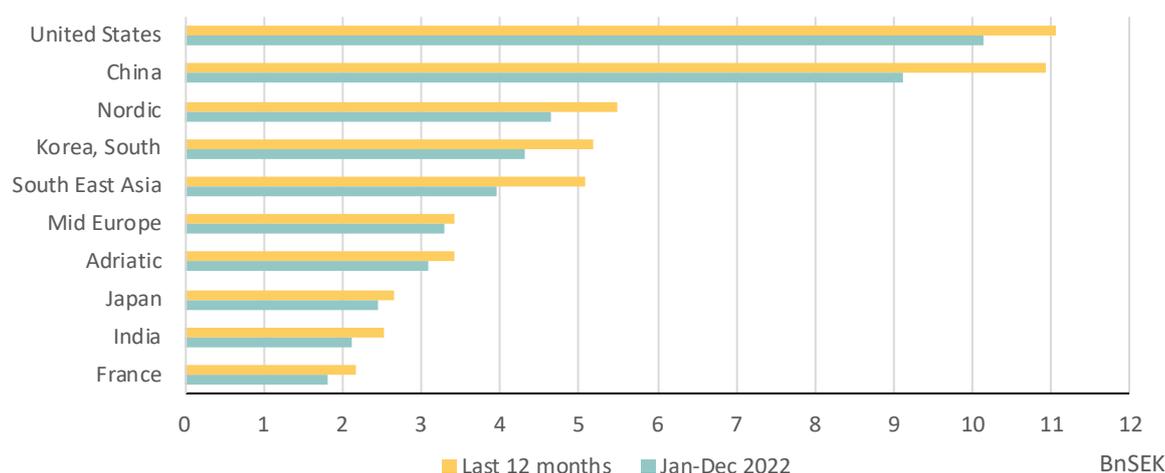
### Asia

The region reported strong growth in order intake compared to last year. Energy reported good demand in process industry and refinery. Food & Water noted a strong growth in oils & fats and brewery. Marine reported good growth in shipbuilding & shipping. Service reported growth in all three divisions.

### Africa and Oceania

The order intake in the region increased with double digits compared to the same quarter last year. Energy reported strong demand in mining and refinery. Food & Water had a double-digit growth in oils & fats and protein. Marine reported a good underlying demand in offshore. Service reported growth in Energy and Food & Water.

## Order intake for the 10 largest markets



## Net sales

| SEK millions        | Q2            |               | Jan-Jun       |               | Jan-Dec       | Last 12       |
|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                     | 2023          | 2022          | 2023          | 2022          | 2022          | months        |
| To customers in:    |               |               |               |               |               |               |
| Sweden              | 378           | 292           | 722           | 560           | 1,206         | 1,368         |
| Other EU            | 3,987         | 3,065         | 7,536         | 5,711         | 12,889        | 14,714        |
| Other Europe        | 1,288         | 1,082         | 2,507         | 2,263         | 4,812         | 5,056         |
| USA                 | 2,749         | 1,976         | 5,285         | 3,682         | 8,784         | 10,387        |
| Other North America | 348           | 229           | 610           | 500           | 1,081         | 1,191         |
| Latin America       | 836           | 551           | 1,602         | 1,041         | 2,388         | 2,949         |
| Africa              | 290           | 121           | 590           | 225           | 778           | 1,143         |
| China               | 2,241         | 1,739         | 3,903         | 3,092         | 7,153         | 7,964         |
| South Korea         | 810           | 810           | 1,608         | 1,684         | 3,801         | 3,725         |
| Other Asia          | 2,756         | 1,850         | 5,245         | 3,428         | 8,559         | 10,376        |
| Oceania             | 197           | 137           | 383           | 281           | 684           | 786           |
| <b>Total</b>        | <b>15,880</b> | <b>11,852</b> | <b>29,991</b> | <b>22,467</b> | <b>52,135</b> | <b>59,659</b> |

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

## Non-current assets

| SEK millions               | Jun 30        |               | Dec 31        |
|----------------------------|---------------|---------------|---------------|
|                            | 2023          | 2022          | 2022          |
| Sweden                     | 3,004         | 2,301         | 2,942         |
| Denmark                    | 5,629         | 5,070         | 5,348         |
| Other EU                   | 9,411         | 4,079         | 8,829         |
| Norway                     | 14,300        | 15,353        | 15,393        |
| Other Europe               | 416           | 416           | 416           |
| USA                        | 4,254         | 4,068         | 4,236         |
| Other North America        | 163           | 148           | 158           |
| Latin America              | 376           | 330           | 379           |
| Africa                     | 8             | 8             | 9             |
| Asia                       | 4,571         | 4,075         | 4,394         |
| Oceania                    | 118           | 119           | 118           |
| <b>Subtotal</b>            | <b>42,250</b> | <b>35,967</b> | <b>42,222</b> |
| Other long-term securities | 490           | 455           | 475           |
| Pension assets             | 264           | 96            | 201           |
| Deferred tax asset         | 1,710         | 1,932         | 1,895         |
| <b>Total</b>               | <b>44,714</b> | <b>38,450</b> | <b>44,793</b> |

## 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       |
|---|--------------|---------------|---------------|---------------|---------------|---------------|
|   | 2023         | 2022          | 2023          | 2022          | 2022          | months        |
| <b>Operating activities</b>                               |              |               |               |               |               |               |
| Operating income  | 2,136        | 1,744         | 4,282         | 3,019         | 6,519         | 7,782         |
| Adjustment for depreciation and amortisation              | 626          | 508           | 1,210         | 1,080         | 2,392         | 2,522         |
| Adjustment for other non-cash items                       | 21           | -367          | 43            | -29           | 105           | 177           |
|   | 2,783        | 1,885         | 5,535         | 4,070         | 9,016         | 10,481        |
| Taxes paid  | -702         | -489          | -1,138        | -970          | -1,834        | -2,002        |
|   | 2,081        | 1,396         | 4,397         | 3,100         | 7,182         | 8,479         |
| Changes in working capital:                               |              |               |               |               |               |               |
| Increase(-)/decrease(+) of receivables                    | -1,146       | -624          | -2,108        | -1,271        | -2,155        | -2,992        |
| Increase(-)/decrease(+) of inventories                    | -597         | -1,080        | -1,458        | -2,299        | -3,140        | -2,299        |
| Increase(+)/decrease(-) of liabilities                    | 1,082        | 854           | 1,628         | 1,569         | 2,058         | 2,117         |
| Increase(+)/decrease(-) of provisions                     | -78          | -354          | -113          | -140          | -654          | -627          |
| <b>Increase(-)/decrease(+) in working capital</b>         | <b>-739</b>  | <b>-1,204</b> | <b>-2,051</b> | <b>-2,141</b> | <b>-3,891</b> | <b>-3,801</b> |
|   | 1,342        | 192           | 2,346         | 959           | 3,291         | 4,678         |
| <b>Investing activities</b>                               |              |               |               |               |               |               |
| Investments in fixed assets (Capex)                       | -549         | -311          | -989          | -585          | -1,853        | -2,257        |
| Divestment of fixed assets                                | 1            | 12            | 2             | 17            | 20            | 5             |
| Acquisition of businesses                                 | -14          | -             | -100          | -4            | -3,685        | -3,781        |
|   | -562         | -299          | -1,087        | -572          | -5,518        | -6,033        |
| <b>Financing activities</b>                               |              |               |               |               |               |               |
| Received interests and dividends                          | 40           | 21            | 67            | 33            | 99            | 133           |
| Paid interests  | -95          | -168          | -247          | -204          | -290          | -333          |
| Realised financial exchange gains                         | 27           | 8             | 48            | 19            | 68            | 97            |
| Realised financial exchange losses                        | -49          | 5             | -135          | -52           | -147          | -230          |
| Repurchase of shares                                      | -            | -122          | -             | -661          | -661          | -             |
| Dividends to owners of the parent                         | -2,480       | -2,480        | -2,480        | -2,480        | -2,480        | -2,480        |
| Dividends to non-controlling interests                    | -19          | -             | -19           | -             | -12           | -31           |
| Increase(-) of financial assets                           | -61          | 3,307         | -80           | -348          | -457          | -189          |
| Decrease(+) of financial assets                           | 18           | -14           | 35            | 992           | 1,002         | 45            |
| Increase of loans   | 2,009        | 749           | 2,415         | 7,157         | 12,546        | 7,804         |
| Amortisation of loans                                     | -900         | -5,277        | -1,800        | -5,277        | -6,575        | -3,098        |
|   | -1,510       | -3,971        | -2,196        | -821          | 3,093         | 1,718         |
| <b>Cash flow for the period</b>                           | <b>-730</b>  | <b>-4,078</b> | <b>-937</b>   | <b>-434</b>   | <b>866</b>    | <b>363</b>    |
| Cash and cash equivalents at the beginning of the period  | 4,140        | 7,042         | 4,352         | 3,356         | 3,356         | 3,038         |
| Translation difference in cash and cash equivalents       | 57           | 74            | 52            | 116           | 130           | 66            |
| <b>Cash and cash equivalents at the end of the period</b> | <b>3,467</b> | <b>3,038</b>  | <b>3,467</b>  | <b>3,038</b>  | <b>4,352</b>  | <b>3,467</b>  |
| Free cash flow per share (SEK) *                          | 1.92         | -0.26         | 3.29          | 0.94          | 3.52          | 5.87          |
| Capex in relation to net sales                            | 3.5%         | 2.6%          | 3.3%          | 2.6%          | 3.6%          | 3.8%          |
| Average number of shares**                                | 413,326,315  | 413,370,509   | 413,326,315   | 413,953,292   | 413,637,227   | 413,326,315   |

\* Free cash flow is an alternative performance measure. It is the sum of cash flows from operating activities, investments and divestments of fixed assets.

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

## Consolidated comprehensive income

| SEK millions   | Q2           |              | Jan-Jun      |              | Jan-Dec      | Last 12      |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
|  | 2023         | 2022         | 2023         | 2022         | 2022         | months       |
| Net sales  | 15,880       | 11,852       | 29,991       | 22,467       | 52,135       | 59,659       |
| Cost of goods sold   | -10,736      | -7,589       | -19,982      | -14,272      | -34,489      | -40,199      |
| Gross profit   | 5,144        | 4,263        | 10,009       | 8,195        | 17,646       | 19,460       |
| Sales costs  | -1,585       | -1,328       | -3,090       | -2,550       | -5,634       | -6,174       |
| Administration costs   | -757         | -622         | -1,431       | -1,201       | -2,305       | -2,535       |
| Research and development costs                                 | -417         | -323         | -776         | -641         | -1,356       | -1,491       |
| Other operating income   | 214          | 184          | 436          | 367          | 772          | 841          |
| Other operating costs  | -482         | -438         | -898         | -1,175       | -2,652       | -2,375       |
| Share of result in joint ventures                              | 19           | 8            | 32           | 24           | 48           | 56           |
| Operating income   | 2,136        | 1,744        | 4,282        | 3,019        | 6,519        | 7,782        |
| Dividends and other financial income and costs                 | 7            | 1            | 8            | 2            | 5            | 11           |
| Interest income and financial exchange rate gains              | 91           | -10          | 204          | 100          | 267          | 371          |
| Interest expense and financial exchange rate losses            | -231         | -159         | -443         | -285         | -612         | -770         |
| Result after financial items                                   | 2,003        | 1,576        | 4,051        | 2,836        | 6,179        | 7,394        |
| Taxes  | -488         | -424         | -1,021       | -752         | -1,610       | -1,879       |
| <b>Net income for the period</b>                               | <b>1,515</b> | <b>1,152</b> | <b>3,030</b> | <b>2,084</b> | <b>4,569</b> | <b>5,515</b> |
| Other comprehensive income:                                    |              |              |              |              |              |              |
| Items that will subsequently be reclassified to net income     |              |              |              |              |              |              |
| Cash flow hedges   | -342         | -1,304       | -861         | -733         | -346         | -474         |
| Translation difference   | 762          | 455          | -325         | 1,468        | 1,872        | 79           |
| Deferred tax on other comprehensive income                     | 169          | 316          | 326          | 193          | 211          | 344          |
| Sum  | 589          | -533         | -860         | 928          | 1,737        | -51          |
| Items that will subsequently not be reclassified to net income |              |              |              |              |              |              |
| Revaluations of defined benefit obligations                    | 25           | 60           | 49           | 120          | 329          | 258          |
| Market valuation of external shares                            | 0            | 0            | 0            | -14          | -13          | 1            |
| Deferred tax on other comprehensive income                     | -6           | -16          | -13          | -59          | -109         | -63          |
| Sum  | 19           | 44           | 36           | 47           | 207          | 196          |
| <b>Comprehensive income for the period</b>                     | <b>2,123</b> | <b>663</b>   | <b>2,206</b> | <b>3,059</b> | <b>6,513</b> | <b>5,660</b> |
| <b>Net income attributable to:</b>                             |              |              |              |              |              |              |
| Owners of the parent   | 1,502        | 1,137        | 3,006        | 2,057        | 4,503        | 5,452        |
| Non-controlling interests                                      | 13           | 15           | 24           | 27           | 66           | 63           |
| Earnings per share (SEK)                                       | 3.63         | 2.75         | 7.27         | 4.97         | 10.89        | 13.19        |
| Average number of shares*                                      | 413,326,315  | 413,370,509  | 413,326,315  | 413,953,292  | 413,637,227  | 413,326,315  |
| <b>Comprehensive income attributable to:</b>                   |              |              |              |              |              |              |
| Owners of the parent   | 2,111        | 635          | 2,179        | 3,008        | 6,427        | 5,598        |
| Non-controlling interests                                      | 12           | 28           | 27           | 51           | 86           | 62           |

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

## Consolidated financial position

| SEK millions  | Jun 30        |               | Dec 31        |
|---|---------------|---------------|---------------|
|   | 2023          | 2022          | 2022          |
| <b>ASSETS</b>                                       |               |               |               |
| <b>Non-current assets</b>                           |               |               |               |
| Intangible assets                                   | 31,286        | 26,399        | 31,417        |
| Property, plant and equipment                       | 10,943        | 9,526         | 10,710        |
| Other non-current assets                            | 2,485         | 2,525         | 2,666         |
|   | 44,714        | 38,450        | 44,793        |
| <b>Current assets</b>                               |               |               |               |
| Inventories   | 16,032        | 13,125        | 14,775        |
| Assets held for sale                                | 99            | 28            | 100           |
| Accounts receivable                                 | 10,890        | 7,925         | 9,717         |
| Other receivables                                   | 9,054         | 6,060         | 6,596         |
| Derivative assets                                   | 121           | 530           | 605           |
| Other current deposits                              | 316           | 351           | 311           |
| Cash and cash equivalents *                         | 3,467         | 3,038         | 4,352         |
|   | 39,979        | 31,057        | 36,456        |
| <b>TOTAL ASSETS</b>                                 | <b>84,693</b> | <b>69,507</b> | <b>81,249</b> |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>         |               |               |               |
| <b>Equity</b>                                       |               |               |               |
| Owners of the parent                                | 34,986        | 31,963        | 35,382        |
| Non-controlling interests                           | 303           | 299           | 322           |
|   | 35,289        | 32,262        | 35,704        |
| <b>Non-current liabilities</b>                      |               |               |               |
| Liabilities to credit institutions etc.             | 10,419        | 9,602         | 13,362        |
| Lease liabilities                                   | 1,772         | 1,535         | 1,549         |
| Provisions for pensions and similar commitments     | 1,152         | 1,561         | 1,192         |
| Provision for deferred tax                          | 1,994         | 1,634         | 2,293         |
| Other non-current liabilities                       | 583           | 676           | 590           |
|   | 15,920        | 15,008        | 18,986        |
| <b>Current liabilities</b>                          |               |               |               |
| Liabilities to credit institutions etc.             | 6,076         | 633           | 1,700         |
| Accounts payable                                    | 5,538         | 4,111         | 5,314         |
| Advances from customers                             | 8,465         | 5,872         | 6,634         |
| Other provisions                                    | 2,223         | 2,108         | 2,164         |
| Other liabilities                                   | 10,076        | 8,774         | 10,054        |
| Derivative liabilities                              | 1,106         | 739           | 693           |
|   | 33,484        | 22,237        | 26,559        |
| Total liabilities                                   | 49,404        | 37,245        | 45,545        |
| <b>TOTAL SHAREHOLDERS' EQUITY &amp; LIABILITIES</b> | <b>84,693</b> | <b>69,507</b> | <b>81,249</b> |

\* 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 |       | Dec 31 |
|------------------------------|---------------------------|--------|-------|--------|
|                              |                           | 2023   | 2022  | 2022   |
| <b>Financial assets</b>      |                           |        |       |        |
| Other non-current securities | 1 and 2                   | 252    | 265   | 270    |
| Bonds and other securities   | 1                         | 115    | 93    | 114    |
| Derivative assets            | 2                         | 142    | 571   | 700    |
| <b>Financial liabilities</b> |                           |        |       |        |
| Derivative liabilities       | 2                         | 1,256  | 1,001 | 833    |

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

| SEK millions                                   | Jun 30 |        | Dec 31 |
|--|--------|--------|--------|
|  | 2023   | 2022   | 2022   |
| Credit institutions                            | 385    | 256    | 829    |
| Swedish Export Credit                          | 2,356  | -      | 2,227  |
| Handelsbanken                                  | 1,179  | -      | 1,114  |
| Commercial papers                              | 991    | 399    | 892    |
| Corporate bonds                                | 11,584 | 9,580  | 10,000 |
| Borrowings                                     | 16,495 | 10,235 | 15,062 |
| Cash and cash equivalents and current deposits | -3,783 | -3,389 | -4,663 |
| Net debt excluding lease liabilities*          | 12,712 | 6,846  | 10,399 |
| Lease liabilities                              | 2,661  | 2,478  | 2,671  |
| Net debt including lease liabilities*          | 15,373 | 9,324  | 13,070 |

\* Alternative performance measure.

Alfa Laval has a revolving credit facility of EUR 700 million corresponding to SEK 8,258 million on June 30, 2023 with a banking syndicate. The facility has a maturity of five years from April 2023 and includes a possibility to increase it by EUR 200 million. At June 30, 2023 the facility was not utilised.

Alfa Laval has two loans of EUR 100 million from Svensk Exportkredit that matures in 2027 and 2028 respectively and one loan of EUR 100 million from Svenska Handelsbanken that matures in 2024, with a possibility to extend it for another year.

The commercial paper programme of SEK 4,000 million, was utilised with SEK 1,000 million at June 30, 2023.

On June 30, 2023, Alfa Laval has four tranches of corporate bonds listed on the Irish stock exchange. Three of them of EUR 300 million each that matures in June 2024, in February 2026 and in February 2029 respectively, whereas the fourth of SEK 1,000 million was raised in May 2023 and matures in November 2025.

## Changes in consolidated equity

| SEK millions   | Jan-Jun |        | Jan-Dec |
|--|---------|--------|---------|
|  | 2023    | 2022   | 2022    |
| <b>At the beginning of the period</b>                                | 35,704  | 32,344 | 32,344  |
| <b>Changes attributable to:</b>                                      |         |        |         |
| <b>Owners of the parent</b>  |         |        |         |
| <b>Comprehensive income</b>  |         |        |         |
| Comprehensive income for the period                                  | 2,179   | 3,008  | 6,427   |
| <b>Transactions with shareholders</b>                                |         |        |         |
| Repurchase of shares   | -       | -661   | -661    |
| Cancellation of repurchased shares                                   | -1      | -15    | -15     |
| Bonus issue of shares  | 1       | 15     | 15      |
| Increase of ownership in subsidiaries with non-controlling interests | -95     | -      | -       |
| Dividends  | -2,480  | -2,480 | -2,480  |
|  | -2,575  | -3,141 | -3,141  |
| <b>Subtotal</b>  | -396    | -133   | 3,286   |
| <b>Non-controlling interests</b>                                     |         |        |         |
| <b>Comprehensive income</b>  |         |        |         |
| Comprehensive income for the period                                  | 27      | 51     | 86      |
| <b>Transactions with shareholders</b>                                |         |        |         |
| Decrease of non-controlling interests                                | -27     | -      | -       |
| Non-controlling interests in acquired companies                      | -       | -      | 0       |
| Dividends  | -19     | -      | -12     |
|  | -46     | -      | -12     |
| <b>Subtotal</b>  | -19     | 51     | 74      |
| <b>At the end of the period</b>                                      | 35,289  | 32,262 | 35,704  |

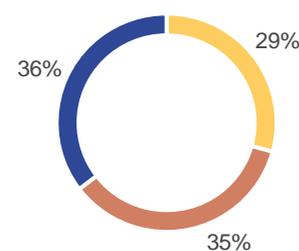
## Condensed segment reporting per quarter



### Orders received

| SEK millions       | 2023          |               | 2022          |               |               |               | 2021          |               |
|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                    | Q2            | Q1            | Q4            | Q3            | Q2            | Q1            | Q4            | Q3            |
| Energy             | 5,413         | 5,437         | 4,407         | 4,583         | 4,496         | 3,808         | 3,362         | 3,659         |
| Food & Water       | 6,941         | 5,776         | 5,613         | 5,611         | 5,033         | 5,652         | 4,139         | 4,241         |
| Marine             | 6,051         | 7,172         | 5,747         | 5,008         | 4,892         | 3,795         | 4,150         | 3,780         |
| Operations & Other | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| <b>Total</b>       | <b>18,405</b> | <b>18,385</b> | <b>15,767</b> | <b>15,202</b> | <b>14,421</b> | <b>13,255</b> | <b>11,651</b> | <b>11,680</b> |

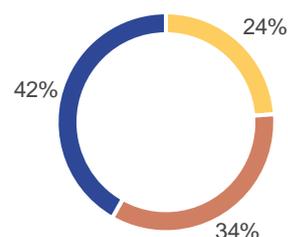
### Last 12 months



### Order backlog

| SEK millions       | 2023          |               | 2022          |               |               |               | 2021          |               |
|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                    | Q2            | Q1            | Q4            | Q3            | Q2            | Q1            | Q4            | Q3            |
| Energy             | 10,716        | 10,149        | 8,517         | 8,582         | 7,625         | 6,669         | 5,791         | 5,969         |
| Food & Water       | 15,454        | 14,779        | 14,381        | 16,158        | 10,169        | 9,146         | 6,823         | 7,044         |
| Marine             | 18,807        | 17,247        | 14,122        | 12,870        | 11,712        | 10,829        | 10,340        | 9,927         |
| Operations & Other | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| <b>Total</b>       | <b>44,977</b> | <b>42,175</b> | <b>37,020</b> | <b>37,610</b> | <b>29,506</b> | <b>26,644</b> | <b>22,954</b> | <b>22,940</b> |

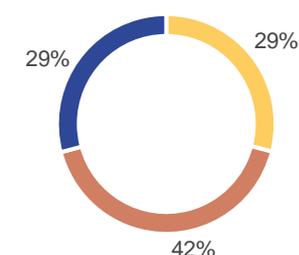
### June 30, 2023



### Net sales

| SEK millions       | 2023          |               | 2022          |               |               |               | 2021          |               |
|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                    | Q2            | Q1            | Q4            | Q3            | Q2            | Q1            | Q4            | Q3            |
| Energy             | 4,910         | 4,196         | 4,500         | 3,726         | 3,639         | 3,209         | 3,556         | 3,146         |
| Food & Water       | 6,412         | 5,722         | 7,407         | 5,402         | 4,140         | 3,742         | 4,388         | 3,678         |
| Marine             | 4,558         | 4,193         | 4,577         | 4,056         | 4,073         | 3,664         | 3,748         | 3,451         |
| Operations & Other | 0             | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| <b>Total</b>       | <b>15,880</b> | <b>14,111</b> | <b>16,484</b> | <b>13,184</b> | <b>11,852</b> | <b>10,615</b> | <b>11,692</b> | <b>10,275</b> |

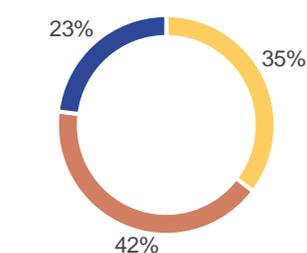
### Last 12 months



### Adjusted EBITA\*

| SEK millions       | 2023         |              | 2022         |              |              |              | 2021         |              |
|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                    | Q2           | Q1           | Q4           | Q3           | Q2           | Q1           | Q4           | Q3           |
| Energy             | 974          | 1,037        | 746          | 735          | 708          | 738          | 621          | 517          |
| Food & Water       | 962          | 1,027        | 1,292        | 833          | 684          | 649          | 775          | 708          |
| Marine             | 565          | 556          | 664          | 490          | 692          | 553          | 757          | 710          |
| Operations & Other | -132         | -214         | -151         | -113         | -121         | -122         | -141         | -99          |
| <b>Total</b>       | <b>2,369</b> | <b>2,406</b> | <b>2,551</b> | <b>1,945</b> | <b>1,963</b> | <b>1,818</b> | <b>2,012</b> | <b>1,836</b> |

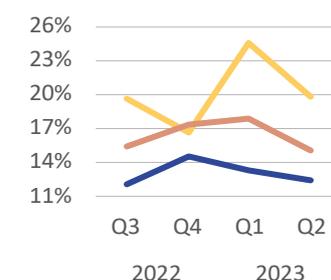
### Last 12 months



### Adjusted EBITA margin\*

| %            | 2023        |             | 2022        |             |             |             | 2021        |             |
|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|              | Q2          | Q1          | Q4          | Q3          | Q2          | Q1          | Q4          | Q3          |
| Energy       | 19.8        | 24.7        | 16.6        | 19.7        | 19.5        | 23.0        | 17.5        | 16.4        |
| Food & Water | 15.0        | 17.9        | 17.4        | 15.4        | 16.5        | 17.3        | 17.7        | 19.2        |
| Marine       | 12.4        | 13.3        | 14.5        | 12.1        | 17.0        | 15.1        | 20.2        | 20.6        |
| <b>Total</b> | <b>14.9</b> | <b>17.1</b> | <b>15.5</b> | <b>14.8</b> | <b>16.6</b> | <b>17.1</b> | <b>17.2</b> | <b>17.9</b> |

### 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 2023 was SEK 4,092 (57) million, out of which dividends from subsidiaries SEK 4,000 (62) million, net interests SEK 95 (-0) million, realised and unrealised exchange rate gains and losses SEK 0 (1) million, costs related to the listing SEK -4 (-4) million, fees to the Board SEK -4 (-3) million, cost for annual report and annual general meeting SEK -1 (-0) million and other operating income and operating costs the remaining SEK 6 (1) million.

### Parent company income \*

| SEK millions                               | Q2           |           | Jan-Jun      |           | Jan-Dec      |
|--|--------------|-----------|--------------|-----------|--------------|
|  | 2023         | 2022      | 2023         | 2022      | 2022         |
| Administration costs                       | -3           | -1        | -9           | -7        | -14          |
| Other operating income                     | 2            | -1        | 7            | 2         | 2            |
| Other operating costs                      | -1           | -1        | -1           | -1        | -1           |
| <b>Operating income</b>                    | <b>-2</b>    | <b>-3</b> | <b>-3</b>    | <b>-6</b> | <b>-13</b>   |
| Revenues from interests in group companies | 4,000        | 62        | 4,000        | 62        | 62           |
| Interest income and similar result items   | 55           | 0         | 95           | 1         | 46           |
| Interest expenses and similar result items | 0            | 0         | 0            | 0         | 0            |
| <b>Result after financial items</b>        | <b>4,053</b> | <b>59</b> | <b>4,092</b> | <b>57</b> | <b>95</b>    |
| Change of tax allocation reserve           | -            | -         | -            | -         | 578          |
| Group contributions                        | -            | -         | -            | -         | 509          |
| <b>Result before tax</b>                   | <b>4,053</b> | <b>59</b> | <b>4,092</b> | <b>57</b> | <b>1,182</b> |
| Tax on this year's result                  | -11          | 1         | -19          | 1         | -241         |
| <b>Net income for the period</b>           | <b>4,042</b> | <b>60</b> | <b>4,073</b> | <b>58</b> | <b>941</b>   |

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

### Parent company financial position

| SEK millions                                | Jun 30        |               | Dec 31        |
|---|---------------|---------------|---------------|
|   | 2023          | 2022          | 2022          |
| <b>ASSETS</b>                               |               |               |               |
| <b>Non-current assets</b>                   |               |               |               |
| Shares in group companies                   | 4,669         | 4,669         | 4,669         |
| <b>Current assets</b>                       |               |               |               |
| Receivables on group companies              | 7,803         | 5,947         | 6,402         |
| Other receivables                           | 329           | 286           | 141           |
| Cash and cash equivalents                   | 3             | 0             | 0             |
|   | 8,135         | 6,233         | 6,543         |
| <b>TOTAL ASSETS</b>                         | <b>12,804</b> | <b>10,902</b> | <b>11,212</b> |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b> |               |               |               |
| <b>Equity</b>                               |               |               |               |
| Restricted equity                           | 2,387         | 2,387         | 2,387         |
| Unrestricted equity                         | 8,101         | 5,625         | 6,507         |
|   | 10,488        | 8,012         | 8,894         |
| <b>Untaxed reserves</b>                     |               |               |               |
| Tax allocation reserves, taxation 2017-2023 | 2,293         | 2,871         | 2,293         |
| <b>Current liabilities</b>                  |               |               |               |
| Liabilities to group companies              | 20            | 16            | 22            |
| Accounts payable                            | 0             | 1             | 1             |
| Other liabilities                           | 3             | 2             | 2             |
|   | 23            | 19            | 25            |
| <b>TOTAL EQUITY AND LIABILITIES</b>         | <b>12,804</b> | <b>10,902</b> | <b>11,212</b> |

## Owners and shares

### Owners and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 54,333 (51,486) shareholders on June 30, 2023. The largest owner is Winder Holding AG, Switzerland (formerly Tetra Laval International SA, Switzerland), who owns 29.5 (29.5) percent. Next to the largest owner, there are nine institutional investors with ownership in the range of 7.0 to 1.6 percent. These ten largest shareholders owned 61.5 (64.0) percent of the shares.

### Cancellation of repurchased shares and a corresponding bonus issue

On March 21, 2023 when the notice to the Annual General Meeting was sent the number of repurchased shares was 550,508. The Annual General Meeting 2023 decided to cancel these repurchased shares. Cancellation of the shares means that the share capital will decrease with SEK 1 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, 2023                 | 413,876,823 |
| Cancellation of re-purchased shares at May 15, 2023 | -550,508    |
| Number of shares at June 30, 2023                   | 413,326,315 |

## Acquisitions of businesses

In 2021, Alfa Laval acquired a minority stake of 16.5 percent in the Netherland-based company Marine Performance Systems (MPS) with an option to acquire the remaining part later. Now Alfa Laval has executed that option and completed the acquisition to own 100 percent of MPS. The closing date for the acquisition was March 21, 2023. MPS' innovative technology significantly reduces the friction from vessels when sailing, resulting in fuel savings. Friction between the hull and the water when sailing is the most significant driver of a vessel's fuel consumption, and the cost of fuel represents up to 60 percent of a vessel's operating costs. Fuel consumption has a direct impact on greenhouse gas emissions, as reducing 1 ton of fossil fuel consumption equals the reduction of approximately 3 tonnes of CO<sub>2</sub> emissions. Marine Performance Systems' air lubrication technology generates micro bubbles under a ship's hull, reducing friction between the vessel and the water by 50-70 percent and enabling substantial fuel cost savings and improvement in overall ship efficiency, during normal service speed. The technology was first tested on a sea-going vessel in 2020 and the fuel savings have been confirmed by the shipowner based on several months of operation. The patented solution can be installed on vessels of any size or fuel type at point of building or retrofitted on already operating vessels. Since the acquisition Alfa Laval has launched the Alfa Laval OceanGlide product that creates an even layer of micro air bubbles across the vessel's flat bottom area, which reduces drag by up to 75 percent. That translates into fuel savings of up to 12 percent. Since Alfa Laval OceanGlide needs few compressors and no large hull penetrations it can be easily installed.

On March 2, 2023, Alfa Laval acquired an additional 38.7 percent of StormGeo's subsidiary Climatempo in Brazil from the minority owners. Alfa Laval's ownership thereby increased from 51 percent to 89.7 percent. The transaction is reported as a change within the equity.

## Risks and other

### Material factors of risk and uncertainty

The main factors of risk and uncertainty facing the Group concern the business cycle, the consequences of Russia's war on Ukraine, the price development of metals, continued supply chain and logistical disruptions, volatile fluctuations in major currencies and the development of the COVID-19 pandemic. It is the company's opinion that the description of risks made in the Annual Report for 2022 is still correct.

### 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, 2022, 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 973 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 under sanctions have been removed from the order backlog.

In the interim reports and the annual report for 2022 a detailed description was made of how Alfa Laval has calculated and provided for the company's costs for cancelled orders, late delivery fees, accounts receivable that we do not believe we will get paid for, foreign exchange losses and advance payments to suppliers in Russia and Ukraine where we do not expect any delivery or the advance being repaid to us.

Before the war, Alfa Laval had a competent team of approximately 230 employees in Russia and 10 employees in Ukraine. At June 30, 2023 the number of employees in Russia was 39. Alfa Laval's assessment is that the longer-term implications of the war on the Russian market are of such a magnitude that the company in the fourth quarter 2022 provided for a closure of the operations. The total cost for these provisions amounted to SEK 400 million and was reported as a comparison distortion item in the first quarter 2022 with SEK 327 million and in the fourth quarter 2022 with an additional SEK 73 million.

### Asbestos-related lawsuits

The Alfa Laval Group was as of June 30, 2023 named as a co-defendant in a total of 464 asbestos-related lawsuits with a total of approximately 464 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.

### Restructuring program

A restructuring program covering parts of the Marine Division and the Business Unit for Welded Heat Exchangers in the Energy Division was initiated in the fourth quarter 2022 to adjust capacity imbalances in the supply organization and manage the impact as we transit from fossil to sustainable energy solutions. The program proceeds according to plan.

### Accounting principles

The interim report for the second quarter 2023 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 2022 for definitions. Alfa Laval follows the Guidelines on Alternative Performance Measures issued by ESMA (European Securities and Markets Authority).

In the first quarter 2023 the alternative performance measure "Adjusted EBITA" has been added per division. The reason is that Adjusted EBITA is the most important performance measure used for the consolidated Group. In order to show how it is arrived at, information on amortisation has been added by division (operating income by division less amortisation by division equals Adjusted EBITA by division). The definition of free cash flow has been changed to the sum of cash flows from operating activities, investments and divestments of fixed assets. The reason is that the new definition is more meaningful for investors. It is presented per share in the statement of consolidated cash flows. Net debt is presented both excluding and including lease liabilities. The reason is that lease liabilities have nothing to do with the company's loans.

"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, 2022 to June 30, 2023. "The corresponding period last year" refers to the second quarter 2022 or the first six months 2022 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, 2023 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, 2023

Dennis Jönsson  
Chairman

Lilian Fossum Biner

Nadine Crauwels

Henrik Lange

Bror Garcia Lantz

Ray Mauritsson

Anna Müller

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 2023

Alfa Laval will publish financial reports at the following dates:  
Interim report for the third quarter      October 25, 2023  
Fourth quarter and full year report      February 6, 2024

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, 2023.

