

Q1 2022



Record high order intake

- The global demand remained strong in most end markets and geographies.
- Net sales grew despite impact from supply chain disruptions.
- Stable profitability, volume increase compensated for cost inflation.
- Order backlog of SEK 602 million relating to the sanctions against Russia cancelled during the quarter.
- Agreement signed to acquire Desmet, a world leader in vegetable oil and biofuels.

Outlook for the second quarter

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

Earlier published outlook (February 2, 2022):
"We expect demand in the first quarter to be higher than in the fourth quarter."

The Board of Directors will propose a dividend of SEK 6.00 (5.50) per share and a mandate for repurchase of up to 5 percent of the issued shares to the Annual General Meeting.

The Q1 2022 report has not been subject to review by the company's auditors.

Summary

SEK millions	Q1			
	2022	2021	%	% *
Order intake	13,255	10,204	30	22
Net sales	10,615	8,969	18	12
Adjusted EBITA **	1,816	1,530	19	
- adjusted EBITA margin (%) **	17.1	17.1		
Result after financial items	1,260	1,483	-15	
Net income for the period	932	1,112	-16	
Earnings per share (SEK)	2.22	2.64	-16	
Cash flow from operating activities	767	963	-20	
Impact on adjusted EBITA of foreign exchange effects	80	-70		
Impact on result after financial items of comparison distortion items	-327	12		
Return on capital employed (%) **	18.8	18.8		
Net debt to EBITDA, times **	0.79	0.43		

* Excluding currency effects. ** Alternative performance measures.



Comment from

Tom Erixon

President and CEO

"The global demand for both equipment and services remained high with order intake amounting to SEK 13.3 billion in the quarter and a 20 percent organic growth compared to last year. The organic growth in the Food & Water Division was 41 percent in the quarter, reaching a new all-time high of SEK 5.6 billion in order intake. The positive trend for the Energy Division also continued, driven by record high order intake for HVAC & refrigeration related to energy efficiency initiatives. The order intake in the Marine Division remained stable.

Group level adjusted EBITA margin was stable at just above 17 percent in the quarter despite major challenges in the supply chain and an increased negative impact on sales caused by delayed shipments. The cost inflation was compensated by positive volume and revaluation effects. The price adjustments during the quarter have been significant and are expected to continue.

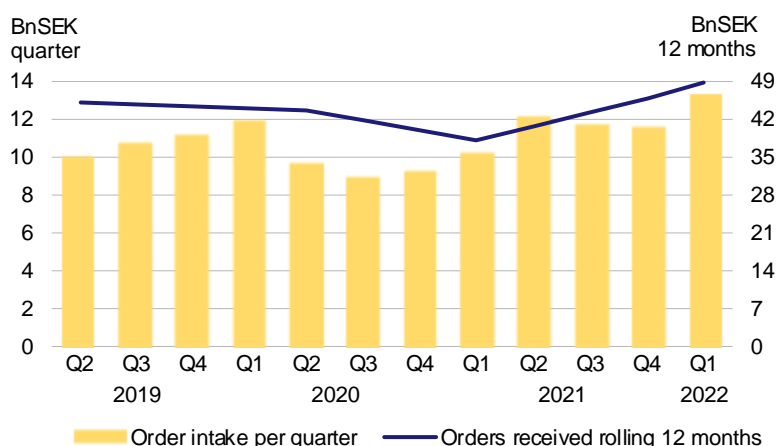
During the quarter Alfa Laval signed an agreement to acquire Desmet, a world leader in vegetable oil and biofuels, two strategically important growth areas for Alfa Laval. The company has around 1,000 employees and a global customer base. The closing of the deal is awaiting regulatory approvals and is expected to be completed mid-2022. Desmet will be operating as a business unit in the Food & Water Division and add approximately SEK 4 billion in annual sales to the division.

The Russian invasion of Ukraine has resulted in Alfa Laval pausing all new orders in the Russian market. Due to the sanctions, orders amounting to SEK 602 million have been cancelled from the orderbook in the first quarter, with the majority in the Marine Division. In addition, provisions to a value of SEK 327 million have been booked to cover for various costs related to existing contractual obligations concerning Russia."

Tom Erixon,
President and CEO

Financial overview

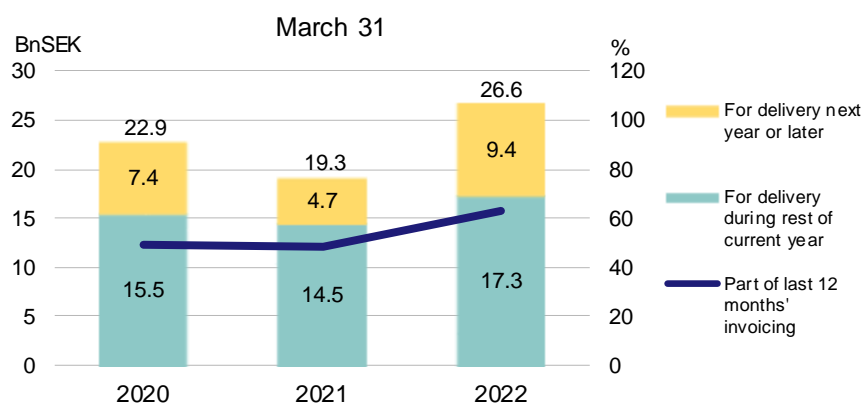
Order intake



Orders received was SEK 13,255 (10,204) million in the first quarter 2022. Order backlog of SEK 602 million relating to the sanctions against Russia has been cancelled during the quarter.

Orders received from Service constituted 29.6 (29.6) percent of the Group's total orders received during the first quarter 2022.

Order backlog



Excluding currency effects and adjusted for acquisition and divestment of businesses the order backlog was 30.7 percent higher than the order backlog at March 31, 2021 and 10.6 percent higher than the order backlog at the end of 2021.

Net sales

Net invoicing was SEK 10,615 (8,969) million for the first quarter 2022.

Net invoicing relating to Service constituted 30.7 (29.4) percent of the Group's total net invoicing in the first quarter 2022.

Order bridge

SEK millions/%	Q1
2021	10,204
Organic ¹⁾	20.4%
Structural ¹⁾	2.0%
Currency	7.5%
Total	29.9%
2022	13,255

1) Change excluding currency effects.

Order bridge Service

SEK millions/%	Q1
2021	3,019
Organic ¹⁾	16.2%
Structural ¹⁾	6.1%
Currency	7.8%
Total	30.1%
2022	3,928

1) Change excluding currency effects.

Sales bridge

SEK millions/%	Q1
2021	8,969
Organic ¹⁾	9.7%
Structural ¹⁾	2.3%
Currency	6.4%
Total	18.4%
2022	10,615

1) Change excluding currency effects.

Sales bridge Service

SEK millions/%	Q1
2021	2,643
Organic ¹⁾	9.3%
Structural ¹⁾	6.9%
Currency	7.4%
Total	23.6%
2022	3,268

1) Change excluding currency effects.

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

Income analysis

	Q1		Jan-Dec	Last 12
SEK millions	2022	2021	2021	months
Net sales	10,615	8,969	40,911	42,557
Adjusted gross profit *	4,146	3,425	15,306	16,027
- adjusted gross margin (%) *	39.1	38.2	37.4	37.7
Expenses **	-1,972	-1,615	-7,001	-7,358
- <i>in % of net sales</i>	18.6	18.0	17.1	17.3
Adjusted EBITDA *	2,174	1,810	8,305	8,669
- <i>adjusted EBITDA margin (%) *</i>	20.5	20.2	20.3	20.4
Depreciation	-358	-280	-1,191	-1,269
Adjusted EBITA *	1,816	1,530	7,114	7,400
- adjusted EBITA margin (%) *	17.1	17.1	17.4	17.4
Amortisation of step-up values	-214	-202	-796	-808
Comparison distortion items	-327	12	-192	-531
Operating income	1,275	1,340	6,126	6,061

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

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

Sales and administration expenses were SEK 1,801 (1,455) million during the first quarter 2022, corresponding to 17.0 (16.2) percent of net sales. Excluding currency effects and acquisition/divestment of businesses, sales and administration expenses increased by 11.3 percent during the first quarter 2022 compared to the corresponding period last year. The increase is reflecting that the activity level now is returning to more normal levels after the pandemic, except for travelling.

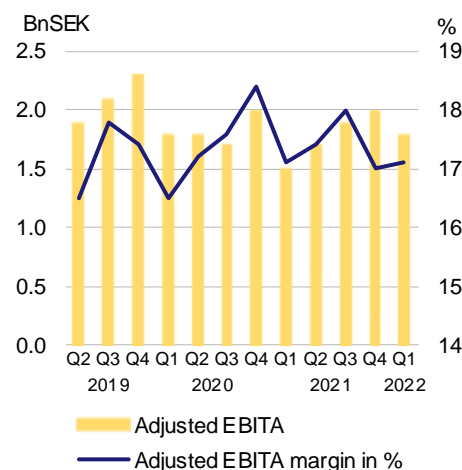
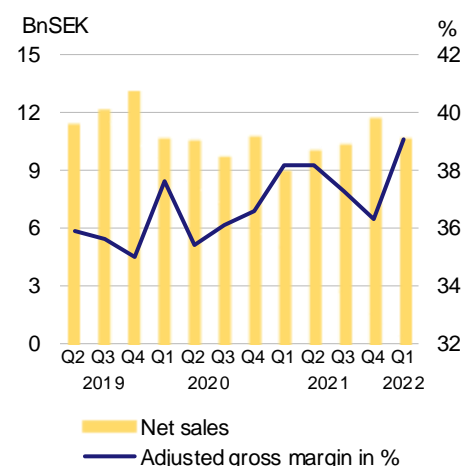
The costs for research and development during the first quarter 2022 corresponded to 3.0 (3.0) percent of net sales. Excluding currency effects and acquisition/divestment of businesses, the costs for research and development increased by 3.1 percent during the first quarter 2022 compared to the corresponding period last year.

Earnings per share was SEK 2.22 (2.64) for the first quarter 2022. The corresponding figure excluding amortisation of step-up values and the corresponding tax, was SEK 2.64 (3.03).

Comparison distortion items

	Q1		Jan-Dec	Last 12
SEK millions	2022	2021	2021	months
Other operating income				
Comparison distortion items:				
- Realised gain on sale of businesses	-	3	3	-
- Realised gain on sale of properties	-	9	9	-
Other operating costs				
Comparison distortion items:				
- Provision for financial consequences of Russia's war on Ukraine	-327	-	-	-327
- Restructuring costs	-	-	-204	-204
Net comparison distortion items	-327	12	-192	-531

The comparison distortion items during the first quarter 2022 are relating to costs triggered by Russia's war on Ukraine and are described on pages 25-26. The comparison distortion items during the first quarter 2021 were relating to the realised gains on the sale of the remaining air heat exchanger operation in India to LU-VE and on the sale of a property in India.



Consolidated financial net and taxes

The financial net for the first quarter 2022 was SEK -53 (-48) 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 -1 (-1) million, interest on the bilateral term loans of SEK - (-1) million, interest on the corporate bonds of SEK -31 (-21) million and a net of dividends, changes in fair value and other interest income and interest costs of SEK -21 (-25) million. The net of realised and unrealised exchange rate differences was SEK 38 (191) million.

The tax on the result after financial items was SEK -328 (-371) million in the first quarter 2022.

Cash flow

During the first quarter 2022 cash flows from operating and investing activities were SEK 494 (709) million. The change is mainly explained by increased inventories to secure our ability to deliver.

Depreciation, excluding allocated step-up values, was SEK 358 (280) million during the first quarter 2022.

Acquisition of businesses during the first quarter 2022 amount to SEK -4 (-13) million. The figure for 2022 is relating to payment of withheld purchase price for the acquisition of Airec with SEK -4 million. The figure for 2021 was relating to payment of withheld purchase price for the acquisition of Airec with SEK -8 million and additional purchase price for the acquisition of Aalborg AS with SEK -5 million.

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

Key figures

	Mar 31		Dec 31
	2022	2021	2021
Return on capital employed (%) ¹⁾	18.8	18.8	20.0
Return on equity (%) ²⁾	14.7	12.7	15.8
Solidity (%) ³⁾	46.3	48.9	50.3
Net debt to EBITDA, times ¹⁾	0.79	0.43	0.87
Debt ratio, times ¹⁾	0.19	0.10	0.22
Number of employees ⁴⁾	18,265	16,994	17,883

1) Alternative performance measure.

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

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

4) At the end of the period.

The increase in number of employees from the first quarter 2021 to the first quarter 2022 is mainly explained by an increased activity level, but also by the acquisition of StormGeo, that added 519 employees as per June 30, 2021.

Energy Division

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

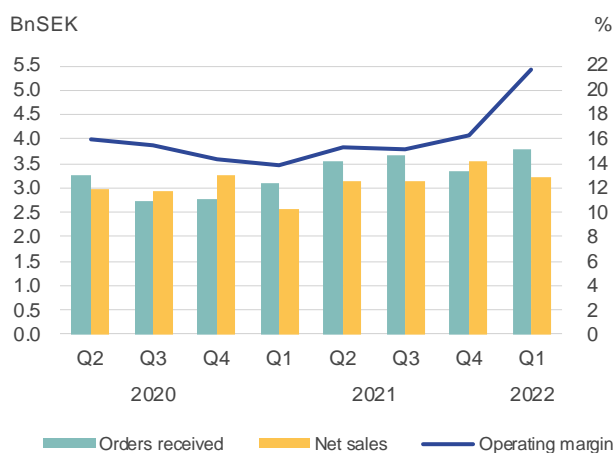
Focus is on increased energy efficiency, waste heat recovery and sustainable solutions.

- Record order intake for HVAC & Refrigeration related to ongoing energy efficiency initiatives.
- Improved demand in gas production and distribution.
- Service grew across all industries and geographical markets.
- Operating margin increased driven by higher volumes and one-time inventory revaluation effects that compensated for higher raw material costs.

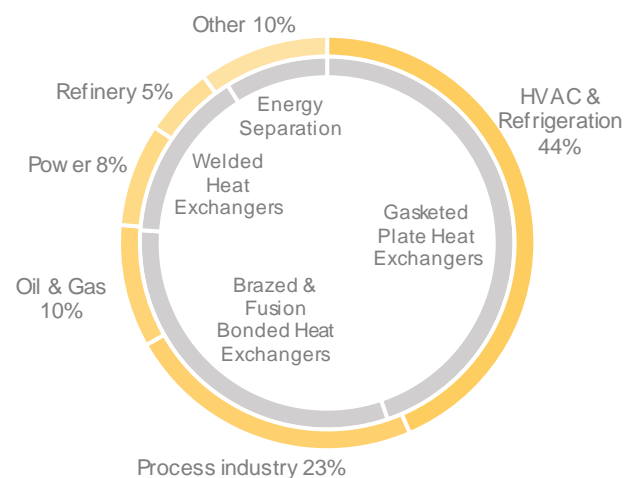
SEK millions	Q1 2022	Q1 2021	Jan-Dec 2021	Last 12 months
Orders received	3,808	3,101	13,675	14,382
Order backlog*	6,669	5,006	5,791	6,669
Net sales	3,209	2,558	12,383	13,034
Operating income**	697	356	1,897	2,238
Operating margin***	21.7%	13.9%	15.3%	17.2%
Depreciation and amortisation	118	98	433	453
Investments****	117	54	403	466
Assets*	14,491	13,287	13,262	14,491
Liabilities*	6,095	5,747	5,252	6,095
Number of employees*	5,241	5,136	5,126	5,241

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

Quarterly development



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



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



Order intake*

The Energy division reported good growth in the first quarter compared to the same quarter last year. Development was strong across most geographical markets and particularly in North America and Western Europe, driven by increased demand for clean energy and energy efficiency solutions. The service business developed in a positive way.

For the largest end market, HVAC** & refrigeration, order intake increased further from the record level in the previous quarter and was well above the same quarter last year driven by continued demand for heat pumps, heating & cooling and industrial & commercial refrigeration. Investments in heavy process industries, like inorganic chemicals and metal manufacturing contributed to order growth in the quarter. Demand from customers in oil & gas also increased in the quarter, mainly driven by demand in gas production and distribution. The underlying demand remained strong in power, while the order intake was somewhat lower in petrochemical. Investments in the refinery sector remained low and order intake was below the same quarter last year.

The aftermarket grew in the quarter. A positive development was noted across all industries and across all geographical markets. The development was mainly driven by demand for spare parts.

Net sales

Net sales increased in all sectors except oil & gas in the quarter and capital sales grew faster than aftermarket sales. The positive development was mainly driven by strong invoicing in energy efficiency solutions and light industries. Capacity constraints in some factories in combination with the global supply chain disturbances had a negative effect on the ability to fully deliver according to plan.

Operating income

The increased net sales in the quarter meant a large positive volume effect. The mix effect was even more positive, mainly because of one-time inventory revaluation effects that compensated for higher raw material costs. The overhead costs increased due to the strengthening of our organisation.

Order bridge

SEK millions/%	Q1
2021	3,101
Organic ¹⁾	16.1%
Structural ¹⁾	-
Currency	6.7%
Total	22.8%
2022	3,808

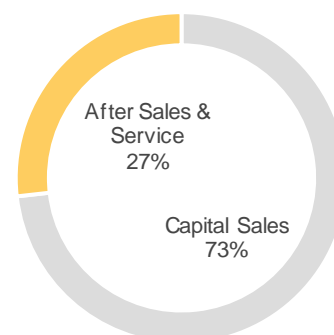
1) Change excluding currency effects.

Sales bridge

SEK millions/%	Q1
2021	2,558
Organic ¹⁾	18.5%
Structural ¹⁾	-
Currency	6.9%
Total	25.4%
2022	3,209

1) Change excluding currency effects.

Order intake Jan-Mar 2022 split on:



Income bridge

SEK millions	Q1
Operating income 2021	356
Volume ¹⁾	168
Mix ¹⁾	195
Costs ¹⁾	-40
Currency	18
Operating income 2022	697

1) Change excluding currency effects.

* Comments excluding currency effects.

** Heating, Ventilation & Air Conditioning.

Food & Water Division

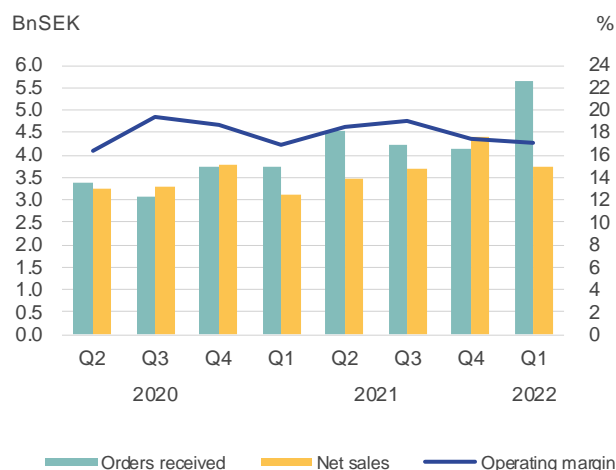
The division offers different types of products for heat transfer, separation and hygienic fluid handling and targets customers in food, pharmaceuticals, biotech, vegetable oils, brewery, dairy and body care products. In addition, the division focuses on public and industrial water treatment as well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

- Record high order intake.
- Demand remained strong across all geographical regions and most end markets.
- Service growth in most end markets.
- Invoicing impacted by supply chain constraints.
- Operating margin remained stable, where higher volumes compensated for negative mix effects.
- Agreement signed to acquire Desmet, a world leader in vegetable oil and biofuels.

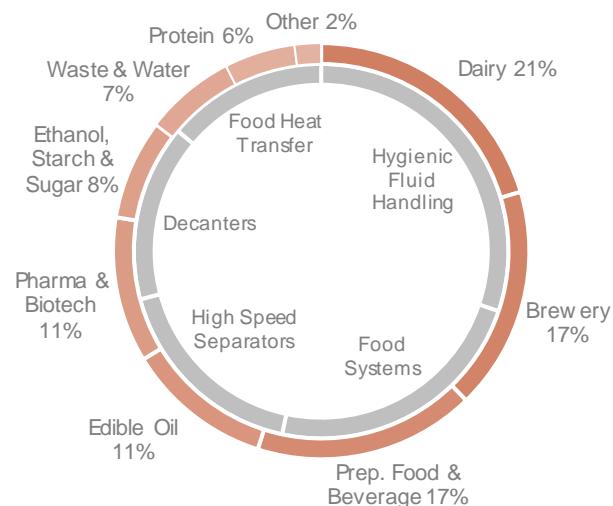
SEK millions	Q1 2022	Q1 2021	Jan-Dec 2021	Last 12 months
Orders received	5,652	3,730	16,664	18,586
Order backlog*	9,146	5,363	6,823	9,146
Net sales	3,742	3,116	14,640	15,266
Operating income**	639	530	2,637	2,746
Operating margin***	17.1%	17.0%	18.0%	18.0%
Depreciation and amortisation	128	98	360	390
Investments****	64	115	315	264
Assets*	12,929	11,599	11,714	12,929
Liabilities*	5,726	5,318	5,144	5,726
Number of employees*	6,812	6,328	6,670	6,812

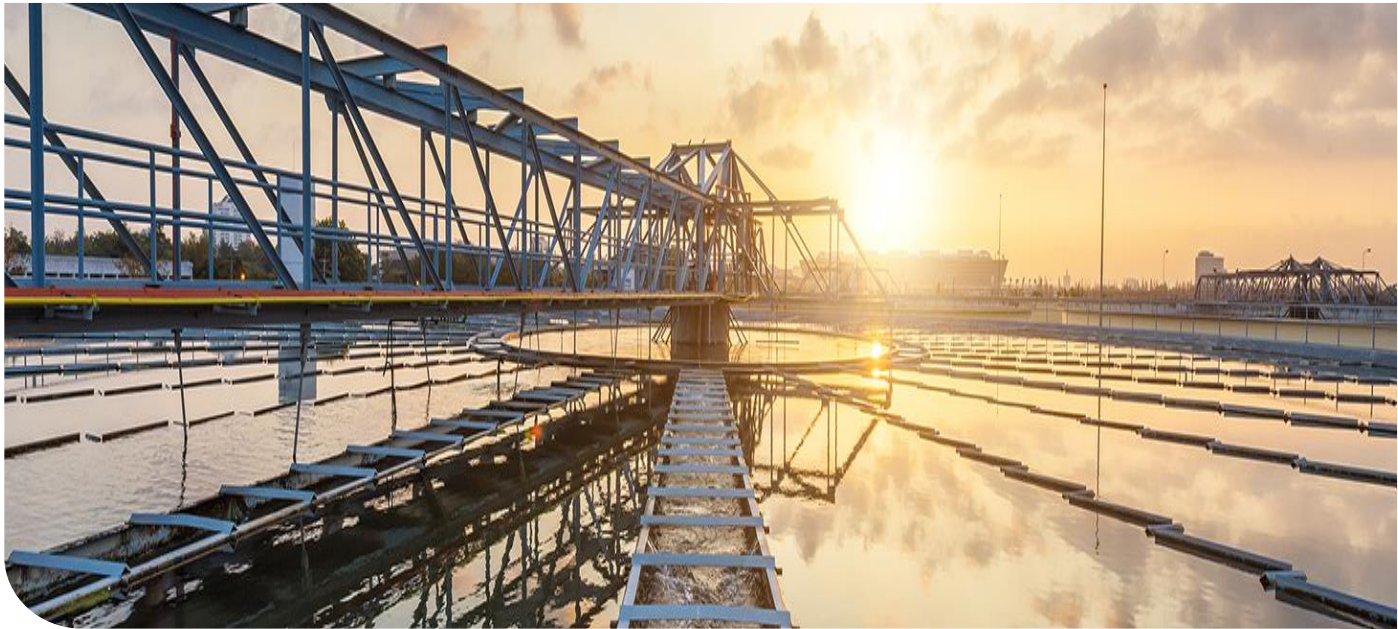
* At the end of the period. ** In management accounts. *** Operating income in relation to net sales. **** Excluding new leases.

Quarterly development



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





Order intake*

The order intake in the first quarter was a new all-time high, with significant growth compared to the same quarter last year. The underlying demand remained strong and was further supported by a record order of SEK 721 million to the largest brewery in the U.S. All geographical regions reported double digit growth.

The order intake in edible oil was well above last year with a generally high industry activity and also benefitted from several projects in Southeast Asia and Latin America. Structural demand continued to serve as a driver for the edible oil industry. Dairy also showed high activity as investments are returning to post pandemic levels. The strong sentiment in the pharma & biotech market continued, resulting in considerable growth across most regions, including China. Investments put on hold during the pandemic are now being realized, as well as initiatives to secure national pharma and biotech supply chains as a result of the pandemic. The underlying demand from the brewery industry developed well and growth in the quarter was supported by the above-mentioned large order in the U.S. The order intake for ethanol, starch & sugar remained stable, where ethanol grew as higher oil prices drive increased demand for alternative fuels. Protein developed strongly, boosted by good order growth for alternative proteins.

The demand in the aftermarket grew, primarily through increased sales of spare parts. Almost all end markets showed growth, with exception of waste & water and protein which remained unchanged.

Net sales

Net sales increased in the quarter compared to last year. Capital sales grew at a stronger pace than aftermarket sales, with considerably increased revenues related to projects. The strongest sales increase was noted in edible oil, followed by ethanol, starch & sugar as well as dairy. Geographically, all regions grew and especially North America followed by Southeast Asia. The disruptions in global supply chains had a negative impact on the invoicing.

Operating income

Higher net sales and good capacity utilization in the factories contributed to an increased operating income. The mix effect was only marginally negative, as a result of new sales increasing faster than after sales. Increased costs were primarily explained by higher sales & administration cost, reflecting the high business activity. The currency effect in the quarter was positive.

* Comments excluding currency effects.

Order bridge

SEK millions/%	Q1
2021	3,730
Organic ¹⁾	40.6%
Structural ¹⁾	-
Currency	10.9%
Total	51.5%
2022	5,652

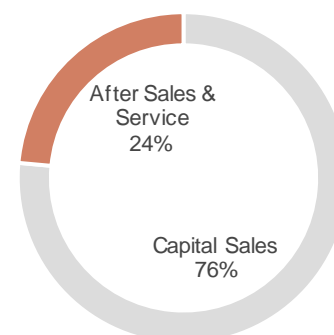
1) Change excluding currency effects.

Sales bridge

SEK millions/%	Q1
2021	3,116
Organic ¹⁾	12.1%
Structural ¹⁾	-
Currency	8.0%
Total	20.1%
2022	3,742

1) Change excluding currency effects.

Order intake Jan-Mar 2022 split on:



Income bridge

SEK millions	Q1
Operating income 2021	530
Volume ¹⁾	141
Mix ¹⁾	-9
Costs ¹⁾	-59
Currency	36
Operating income 2022	639

1) Change excluding currency effects.



Marine Division

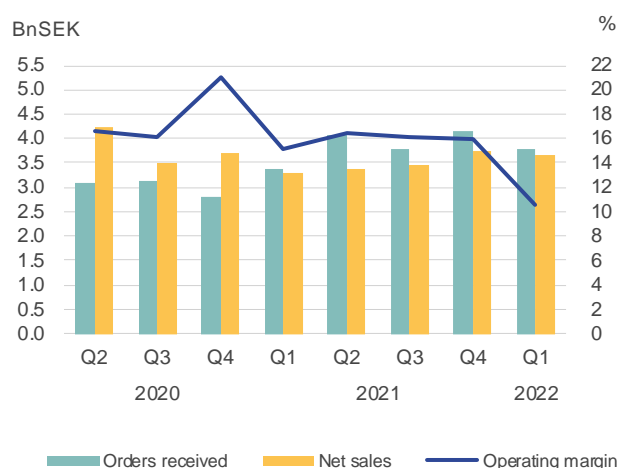
The division's customers include shipowners, shipyards, manufacturers of diesel and gas engines, as well as companies that work with offshore extraction of oil and gas. The offering includes pumping systems, boilers, heat transfer equipment, high speed separators and several different environmental products,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

- Order growth despite cancellations related to Russian sanctions.
- High demand for environmental solutions, driven by PureBallast orders and good development for new products.
- Service improved as demand grew in both shipping and offshore.
- Operating margin was negatively impacted by higher overhead costs, higher royalty costs related to the PureBallast joint venture and higher material costs.

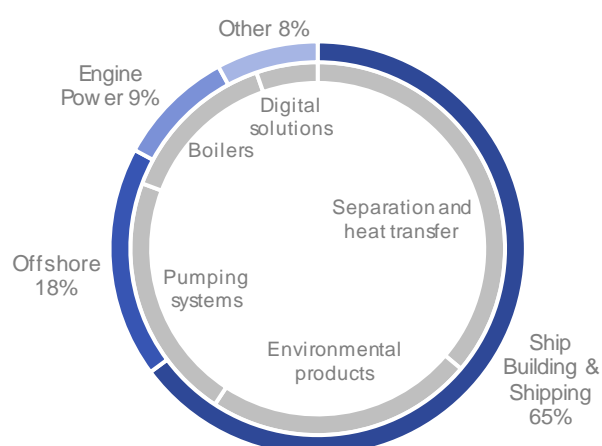
SEK millions	Q1 2022	Q1 2021	Jan-Dec 2021	Last 12 months
Orders received	3,795	3,373	15,379	15,801
Order backlog*	10,829	8,891	10,340	10,829
Net sales	3,664	3,295	13,888	14,257
Operating income**	390	497	2,211	2,104
Operating margin***	10.6%	15.1%	15.9%	14.8%
Depreciation and amortisation	236	189	840	887
Investments****	43	14	250	279
Assets*	29,942	25,155	28,718	29,942
Liabilities*	6,346	7,126	6,317	6,346
Number of employees*	5,038	4,441	4,932	5,038

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

Quarterly development



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





Order intake*

Order intake in the Marine Division increased slightly compared to the same quarter last year, despite the cancellation of order backlog related to the sanctions in Russia. Growth was driven by stronger demand in the product areas separation, heat transfer, offshore pumping systems and improved activity in the service business.

The underlying market sentiment related to the building of new vessels was on a lower level compared to the same quarter last year. Similar to the previous quarter, new contracting was primarily driven by container vessels and gas carriers. The demand for environmental and sustainability related solutions remains positive. Demand for PureBallast remained on a high level. There is a strong market interest for Alfa Laval's E-power pack, a solution that generates electrical power from low grade waste heat and the first order for this product was received during the quarter. Order intake for offshore increased and the underlying market sentiment in this area remains strong due to higher oil prices.

Order intake for service improved compared to the same quarter last year. Growth was driven by higher activity levels in both shipping and offshore and from the addition of StormGeo. Reduced travel restrictions allowed for increased on-board maintenance with a consequently higher demand for spare parts and service.

Net sales

Net sales were at a slightly higher level than the same quarter last year. The growth was mainly driven by service, PureBallast, offshore pumping systems and the acquisition of StormGeo.

Operating income

The increased net sales in the first quarter meant a positive volume effect. The mix effect was negatively impacted by orders with longer lead times that were priced prior to the large material cost increases, but that was more than compensated by the addition of StormGeo. The cost level was higher than last year due to the inclusion of StormGeo, increased overhead cost because of a higher activity level and higher royalty costs for PureBallast due to the increased invoicing.

Order bridge

SEK millions/%	Q1
2021	3,373
Organic ¹⁾	1.7%
Structural ¹⁾	6.2%
Currency	4.6%
Total	12.5%
2022	3,795

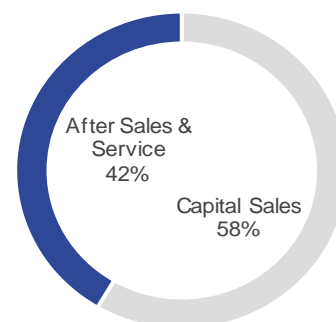
1) Change excluding currency effects.

Sales bridge

SEK millions/%	Q1
2021	3,295
Organic ¹⁾	0.7%
Structural ¹⁾	6.2%
Currency	4.3%
Total	11.2%
2022	3,664

1) Change excluding currency effects.

Order intake Jan-Mar 2022 split on:



Income bridge

SEK millions	Q1
Operating income 2021	497
Volume ¹⁾	75
Mix ¹⁾	23
Costs ¹⁾	-216
Currency	11
Operating income 2022	390

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	Q1 2022	Q1 2021	Jan-Dec 2021	Last 12 months
Orders received	0	0	0	0
Order backlog*	0	0	0	0
Net sales	0	0	0	0
Operating income**	-122	-80	-441	-483
Depreciation and amortisation	90	97	354	347
Investments***	50	83	261	228
Assets*	1,477	1,284	1,486	1,477
Liabilities*	823	626	801	823
Number of employees*	1,174	1,089	1,155	1,174

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

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

Reconciliation between Divisions and Group total

SEK millions	Q1 2022	Q1 2021	Jan-Dec 2021	Last 12 months
Operating income				
Total for divisions	1,604	1,303	6,304	6,605
Comparison distortion items	-327	12	-192	-531
Consolidation adjustments *	-2	25	14	-13
Total operating income	1,275	1,340	6,126	6,061
Financial net	-15	143	16	-142
Result after financial items	1,260	1,483	6,142	5,919
Assets **				
Total for divisions	58,839	51,325	55,180	58,839
Corporate ***	15,035	12,417	9,181	15,035
Group total	73,874	63,742	64,361	73,874
Liabilities **				
Total for divisions	18,990	18,817	17,514	18,990
Corporate ***	20,684	13,727	14,503	20,684
Group total	39,674	32,544	32,017	39,674

* 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 first quarter

Division	Business Unit	Delivery date	Order amount	Total per Business Unit	
	Scope of supply			Q1 2022	Q1 2021
			SEK millions		
Energy					
	Welded Heat Exchangers			-	95
Food & Water					
	Food Systems				
	Equipment to a plant based protein factory in Singapore.	2023	57		
	Brewery systems to Golden Brewery in the U.S.	2022-2024	721	778	50
Marine					
	Pumping Systems				
	Cargo pumps for FPSO* vessel in China.	2022	51		
	Firewater pumps for FPSO* vessel in Brazil.	2023	98		
	Seawater lift pumps for FPSO* vessel in Australia.	2023	53		
	Seawater lift pumps for FPSO* vessel in Brazil.	2023	65	267	-
Total				1,045	145

* Floating Production, Storage and Offloading.

Information about products and services

Net sales by product/service *

	Q1		Jan-Dec	Last 12
SEK millions	2022	2021	2021	months
Own products within:				
Separation	1,672	1,581	7,107	7,198
Heat transfer	4,290	3,549	16,274	17,015
Fluid handling	2,603	2,152	9,291	9,742
Marine environmental	945	969	4,063	4,039
Other	0	0	0	0
Associated products	384	275	1,555	1,664
Services	721	443	2,621	2,899
Total	10,615	8,969	40,911	42,557

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

New products during the first quarter

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

Online Field Service for Marine applications

Alfa Laval's unique Marine Service Network, 24/7 Service & Support, allow our customers to reach us from anywhere in the world – at any time. And we have now launched Marine Online Field Service for troubleshooting of Alfa Laval centrifugal separators and PureBallast systems, that will bring live support from Alfa Laval experts who remotely guide the crew to a solution. It uses merged reality to create a live environment where dialogue, hand gestures, still images, telestrating (digital sketching) and real objects inserted into the view can guide service actions. It allows issues to be solved fast, increasing equipment uptime and reducing both environmental footprint and costs compared to a physical visit onboard.



Alfa Laval ThinkTop with pulse seat clean functionality

Alfa Laval is raising the bar on water savings yet again by introducing the new pulse seat clean functionality for drain valves to the Alfa Laval ThinkTop sensing and control units. Pulse seat clean reduces the consumption of Cleaning-in-Place (CIP) liquid by up to 95% during the cleaning process. Considering that about 20% of all valves in a typical processing plant are drain valves this presents a great opportunity for customers to optimize their system, enhance their sustainability profile and achieve significant savings.



Framo suction anchor

Framo has developed suction anchor technology for installing foundations that can support large wind turbines. Framo's pump technology anchors the wind turbines to the seabed safely and securely with an environmentally friendly footprint. The suction anchor technology is almost soundless during installation and extremely simple to disassemble. By reducing the installation time, the Framo concept is lowering costs for the customers as well. The foundations for the wind turbines are installed by pumping out water from the upside-down buckets. This creates a vacuum, which presses them down into the seabed. Framo has been using its experience and pump technology to anchor oil installations in this way since the 1990s. Now the same expertise is being used to make a difference in the renewables market.



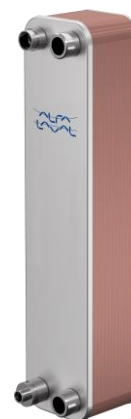
Framo Ultra Compact HPU for cargo pumping system

Framo has redesigned its best-selling HPU (Hydraulic Power Unit) to a new ultra-compact version. The change is based on feedback from the shipyard customers since the space on board a ship is so valuable and limited. The equipment in the new HPU is essentially the same but stacked in a different way. With the improvements, the new product provides reduced space requirements on the vessel and easier installation for the yard. In addition, it provides benefits by making it easier to perform service.



Alfa Laval AC65 – Optimized for residential heat pump applications

AC65 is designed for total efficiency in heat pump applications. As heat pumps become the norm and boilers are gradually being phased out, the demand increases for heat exchangers such as AC65 that are specially optimized as evaporators for residential heat pump applications. The AC65 is manufactured at our new state-of-the-art factory in San Bonifacio, Italy.



Alfa Laval AC540 family – Designed for low-Global Warming Potential (GWP) refrigerants

Environmental concerns are challenging the HVAC industry to rethink its use of refrigerants. The 540 family design is optimized to work with R32, carbon dioxide and other low-GWP refrigerants. Falling between the AC502 and the AC1000, they are ideal for use with multiple scroll chillers from 250-800 kW and work with a wide range of high-density refrigerants. All four models in the AC540 family are manufactured at our new state-of-the-art factory in San Bonifacio in Italy.

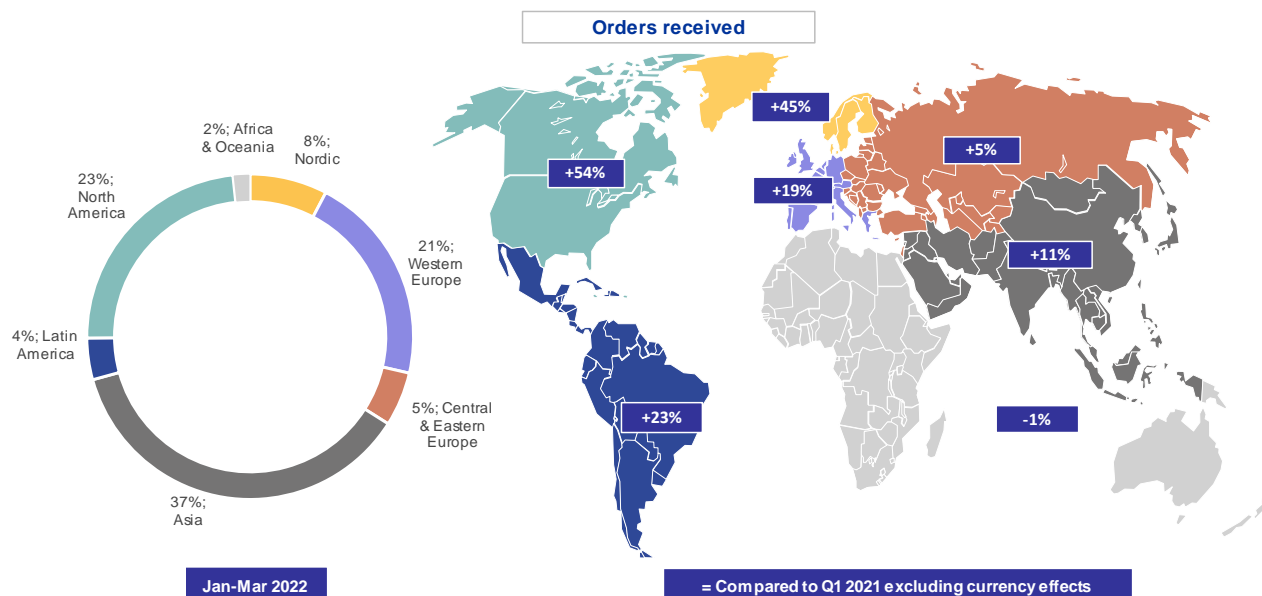


Alfa Laval TS45

The TS45 is the next step in the introduction of the next generation of gasketed plate heat exchangers. TS45 is a large and versatile plate heat exchanger that adapts to an array of industries and applications. Features like the OmegaPort, FlexFlow and CurveFlow will provide superior customer value and improve competitiveness of their operation. With Flexflow (asymmetric channels), the TS45 will be a perfect fit for all duties and combined with the other features the best utilization of plate material, often in corrosion resistant grade.



Information by region



Western Europe including Nordic

The order intake in the region showed strong growth compared to the same quarter last year. Energy reported a double-digit growth with continued high demand for energy efficiency solutions. HVAC & refrigeration and inorganic chemicals grew across all countries. Food & Water grew in edible oil, pharma & biotech and waste & water. Marine experienced strong demand for pumping systems. Service grew in all three divisions.

Central and Eastern Europe

The order intake in the region grew compared to last year. Energy reported a strong demand in all countries except Russia, driven by HVAC & refrigeration, refinery and inorganic chemicals. For Food & Water, the strong underlying demand for pharma & biotech, dairy and protein experienced in most countries in the region, was not enough to compensate for the decline in Russia and Ukraine. Marine was supported by increased shipbuilding activity. Service grew in all three divisions.

North America

North America reported strong growth compared to last year. Energy grew particularly strong in oil & gas and HVAC & refrigeration. The order intake for Food & Water increased further with the booking of the largest order ever to supply brewery systems and from strong demand in dairy, pharma & biotech and waste & water. Marine reported good growth, driven by shipbuilding and offshore. Service grew in all three divisions.

Latin America

The region showed strong growth in order intake compared to last year. Energy experienced high demand in refinery, oil & gas and HVAC. Food & Water had a robust demand in edible oil, pharma & biotech and waste & water. Marine noted strong demand in shipbuilding and offshore in Brazil. The service order intake was strong in Food & Water and Marine.

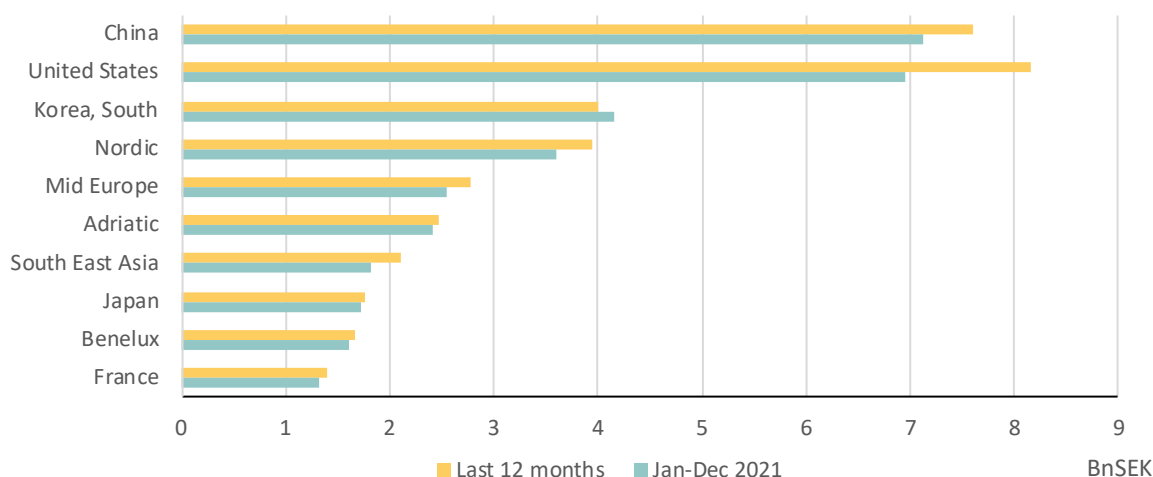
Asia

The region reported strong growth in order intake compared to last year. For Energy, the growth was particularly strong for oil & gas, HVAC & refrigeration and refinery. For Food & Water, the strong underlying demand for pharma & biotech, ethanol, starch & sugar and waste & water gave a good development. Marine had a slightly positive development driven by increased shipbuilding. Service grew in all three divisions.

Africa and Oceania

Order intake in the region declined compared to the same quarter last year. Energy reported strong demand in all countries of the region driven by oil & gas, refinery and HVAC & refrigeration. For Food & Water, the stable underlying demand for pharma & biotech, brewery, and protein experienced in Australia and New Zealand, was not enough to compensate for the decline in Africa. Marine had strong growth in shipbuilding in New Zealand and pumping systems in Africa. Service grew in Marine.

Order intake for the 10 largest markets



Net sales

SEK millions	Q1 2022	Q1 2021	Jan-Dec 2021	Last 12 months
To customers in:				
Sweden	268	263	1,166	1,171
Other EU	2,646	2,203	9,837	10,280
Other Europe	1,181	866	4,182	4,497
USA	1,706	1,295	6,031	6,442
Other North America	271	191	763	843
Latin America	490	325	1,606	1,771
Africa	104	122	500	482
China	1,353	1,417	6,803	6,739
South Korea	874	738	3,160	3,296
Other Asia	1,578	1,424	6,346	6,500
Oceania	144	125	517	536
Total	10,615	8,969	40,911	42,557

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	Mar 31 2022	Mar 31 2021	Dec 31 2021
Sweden	2,318	2,179	2,273
Denmark	4,853	4,830	4,847
Other EU	3,970	4,103	3,978
Norway	16,153	11,747	15,573
Other Europe	372	119	377
USA	3,741	3,625	3,692
Other North America	140	137	137
Latin America	329	255	269
Africa	8	9	8
Asia	3,844	3,659	3,788
Oceania	117	114	110
Subtotal	35,845	30,777	35,052
Other long-term securities	411	1,709	1,396
Pension assets	99	99	70
Deferred tax asset	1,756	1,658	1,694
Total	38,111	34,243	38,212

Information about major customers

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

Consolidated cash flows

SEK millions	Q1		Jan-Dec	Last 12
	2022	2021	2021	months
Operating activities				
Operating income	1,275	1,340	6,126	6,061
Adjustment for depreciation, amortisation and write down	572	482	1,987	2,077
Adjustment for other non-cash items	338	-24	147	509
	2,185	1,798	8,260	8,647
Taxes paid	-481	-792	-1,599	-1,288
	1,704	1,006	6,661	7,359
Changes in working capital:				
Increase(-)/decrease(+) of receivables	-647	144	-591	-1,382
Increase(-)/decrease(+) of inventories	-1,219	-282	-797	-1,734
Increase(+)/decrease(-) of liabilities	715	83	480	1,112
Increase(+)/decrease(-) of provisions	214	12	-489	-287
Increase(-)/decrease(+) in working capital	-937	-43	-1,397	-2,291
	767	963	5,264	5,068
Investing activities				
Investments in fixed assets (Capex)	-274	-266	-1,229	-1,237
Divestment of fixed assets	5	17	24	12
Acquisition of businesses	-4	-13	-3,828	-3,819
Divestment of businesses	-	8	8	-
	-273	-254	-5,025	-5,044
Financing activities				
Received interests and dividends	12	10	79	81
Paid interests	-36	-36	-210	-210
Realised financial exchange gains	11	116	258	153
Realised financial exchange losses	-57	0	-82	-139
Repurchase of shares	-539	-	-1,339	-1,878
Dividends to owners of the parent	-	-	-2,307	-2,307
Dividends to non-controlling interests	-	-	-2	-2
Increase(-) of financial assets	-3,655	-134	-80	-3,601
Decrease(+) of financial assets	1,006	88	3,033	3,951
Increase of loans	6,408	0	1,000	7,408
Amortisation of loans	-	-4	-2,431	-2,427
	3,150	40	-2,081	1,029
Cash flow for the period	3,644	749	-1,842	1,053
Cash and cash equivalents at the beginning of the period	3,356	5,150	5,150	5,937
Translation difference in cash and cash equivalents	42	38	48	52
Cash and cash equivalents at the end of the period	7,042	5,937	3,356	7,042
Free cash flow per share (SEK) *	1.19	1.69	0.57	0.06
Capex in relation to net sales	2.6%	3.0%	3.0%	2.9%
Average number of shares	414,542,550	419,456,315	418,021,440	416,803,563

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

Consolidated comprehensive income

	Q1		Jan-Dec	Last 12
SEK millions	2022	2021	2021	months
Net sales	10,615	8,969	40,911	42,557
Cost of goods sold	-6,683	-5,746	-26,401	-27,338
Gross profit	3,932	3,223	14,510	15,219
Sales costs	-1,222	-1,019	-4,443	-4,646
Administration costs	-579	-436	-1,940	-2,083
Research and development costs	-318	-271	-1,159	-1,206
Other operating income	183	159	910	934
Other operating costs	-737	-336	-1,828	-2,229
Share of result in joint ventures	16	20	76	72
Operating income	1,275	1,340	6,126	6,061
Dividends and other financial income and costs	1	2	35	34
Interest income and financial exchange rate gains	110	212	362	260
Interest expense and financial exchange rate losses	-126	-71	-381	-436
Result after financial items	1,260	1,483	6,142	5,919
Taxes	-328	-371	-1,341	-1,298
Net income for the period	932	1,112	4,801	4,621
Other comprehensive income:				
Items that will subsequently be reclassified to net income				
Cash flow hedges	571	-183	-434	320
Translation difference	1,013	1,140	1,681	1,554
Deferred tax on other comprehensive income	-123	3	66	-60
Sum	1,461	960	1,313	1,814
Items that will subsequently not be reclassified to net income				
Revaluations of defined benefit obligations	60	50	567	577
Market valuation of external shares	-14	18	357	325
Deferred tax on other comprehensive income	-43	-13	-141	-171
Sum	3	55	783	731
Comprehensive income for the period	2,396	2,127	6,897	7,166
Net income attributable to:				
Owners of the parent	920	1,107	4,759	4,572
Non-controlling interests	12	5	42	49
Earnings per share (SEK)	2.22	2.64	11.38	10.97
Average number of shares	414,542,550	419,456,315	418,021,440	416,803,563
Comprehensive income attributable to:				
Owners of the parent	2,373	2,112	6,834	7,095
Non-controlling interests	23	15	63	71

Consolidated financial position

SEK millions	Mar 31 2022	2021	Dec 31 2021
ASSETS			
Non-current assets			
Intangible assets	26,574	22,099	25,921
Property, plant and equipment	9,184	8,573	9,075
Other non-current assets	2,353	3,571	3,216
	38,111	34,243	38,212
Current assets			
Inventories	11,565	9,529	10,525
Assets held for sale	25	52	25
Accounts receivable	7,184	6,036	6,738
Other receivables	5,431	4,837	4,756
Derivative assets	1,035	559	458
Other current deposits	3,481	2,549	291
Cash and cash equivalents *	7,042	5,937	3,356
	35,763	29,499	26,149
TOTAL ASSETS	73,874	63,742	64,361
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Owners of the parent	33,930	31,020	32,096
Non-controlling interests	270	178	248
	34,200	31,198	32,344
Non-current liabilities			
Liabilities to credit institutions etc.	9,273	8,174	3,059
Lease liabilities	1,525	1,583	1,453
Provisions for pensions and similar commitments	1,737	2,563	1,907
Provision for deferred tax	1,691	1,339	1,838
Other non-current liabilities	462	681	475
	14,688	14,340	8,732
Current liabilities			
Liabilities to credit institutions etc.	5,290	1,122	5,185
Accounts payable	3,532	2,874	3,502
Advances from customers	5,485	4,735	4,824
Other provisions	2,150	1,836	1,811
Other liabilities	8,276	7,506	7,757
Derivative liabilities	253	131	206
	24,986	18,204	23,285
Total liabilities	39,674	32,544	32,017
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	73,874	63,742	64,361

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

Financial assets and liabilities at fair value

SEK millions	Valuation hierarchy level	Mar 31 2022	2021	Dec 31 2021
Financial assets				
Other non-current securities	1 and 2	230	1,604	1,231
Bonds and other securities	1	171	1,528	118
Derivative assets	2	1,121	663	514
Financial liabilities				
Derivative liabilities	2	288	135	269

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

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

Borrowings and net debt

	Mar 31		Dec 31
SEK millions	2022	2021	2021
Credit institutions	154	108	69
Swedish Export Credit	-	1,024	-
Corporate bonds	14,409	8,164	8,175
Lease liabilities	2,417	2,353	2,427
Total debt	16,980	11,649	10,671
Cash and cash equivalents and current deposits	-10,523	-8,486	-3,647
Net debt *	6,457	3,163	7,024

* Alternative performance measure.

Alfa Laval has a revolving credit facility of EUR 700 million corresponding to SEK 7,229 million on March 31, 2022 with a banking syndicate. The facility has a maturity of five years from April 2021 with a possibility to extend it for further two years and it includes a possibility to increase by EUR 200 million. The facility was not utilised on March 31, 2022. The commercial paper programme of SEK 4,000 million, was not utilised on March 31, 2022.

On February 11, 2022, Alfa Laval has issued two additional corporate bonds of EUR 300 million each, under the company's existing EMTN program. The corporate bonds are listed on the Irish stock exchange and now consist of four tranches, one tranche of EUR 500 million that matures in September 2022 and three tranches of EUR 300 million that matures in June 2024, in February 2026 and in February 2029 respectively.

Changes in consolidated equity

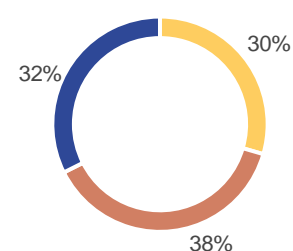
	Jan-Mar		Jan-Dec
SEK millions	2022	2021	2021
At the beginning of the period	32,344	29,071	29,071
Changes attributable to:			
Owners of the parent			
Comprehensive income			
Comprehensive income for the period	2,373	2,112	6,834
Transactions with shareholders			
Repurchase of shares	-539	-	-1,339
Dividends	-	-	-2,307
	-539	-	-3,646
Subtotal	1,834	2,112	3,188
Non-controlling interests			
Comprehensive income			
Comprehensive income for the period	23	15	63
Transactions with shareholders			
Non-controlling interests in acquired companies	-1	-	24
Dividends	-	-	-2
	-1	-	22
Subtotal	22	15	85
At the end of the period	34,200	31,198	32,344

Condensed segment reporting per quarter



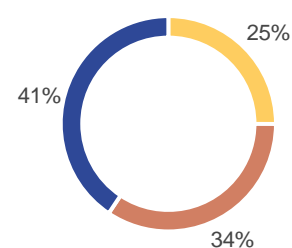
Orders received	2022	2021				2020		
SEK millions	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Energy	3,808	3,362	3,659	3,553	3,101	2,760	2,716	3,279
Food & Water	5,652	4,139	4,241	4,554	3,730	3,723	3,083	3,396
Marine	3,795	4,150	3,780	4,076	3,373	2,789	3,136	3,074
Operations & Other	0	0	0	0	0	0	0	0
Total	13,255	11,651	11,680	12,183	10,204	9,272	8,935	9,749

Last 12 months



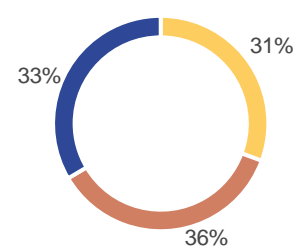
Order backlog	2022	2021				2020		
SEK millions	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Energy	6,669	5,791	5,969	5,436	5,006	4,740	5,301	5,631
Food & Water	9,146	6,823	7,044	6,458	5,363	5,056	5,170	5,491
Marine	10,829	10,340	9,927	9,586	8,891	9,173	10,198	10,751
Operations & Other	0	0	0	0	0	0	0	0
Total	26,644	22,954	22,940	21,480	19,260	18,969	20,669	21,873

March 31, 2022



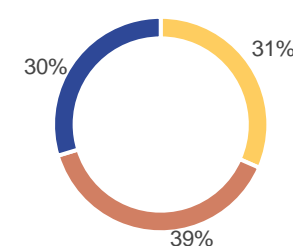
Net sales	2022	2021				2020		
SEK millions	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Energy	3,209	3,556	3,146	3,123	2,558	3,247	2,922	2,979
Food & Water	3,742	4,388	3,678	3,458	3,116	3,764	3,291	3,241
Marine	3,664	3,748	3,451	3,394	3,295	3,684	3,515	4,235
Operations & Other	0	0	0	0	0	0	0	0
Total	10,615	11,692	10,275	9,975	8,969	10,695	9,728	10,455

Last 12 months



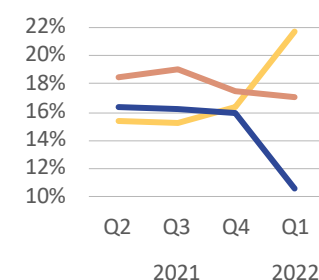
Operating income*	2022	2021				2020		
SEK millions	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Energy	697	581	479	481	356	464	454	476
Food & Water	639	767	699	641	530	702	638	533
Marine	390	600	558	556	497	775	570	705
Operations & Other	-122	-141	-99	-121	-80	-155	-174	-141
Total	1,604	1,807	1,637	1,557	1,303	1,786	1,488	1,573

Last 12 months



Operating margin*	2022	2021				2020		
%	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Energy	21.7	16.3	15.2	15.4	13.9	14.3	15.5	16.0
Food & Water	17.1	17.5	19.0	18.5	17.0	18.7	19.4	16.4
Marine	10.6	16.0	16.2	16.4	15.1	21.0	16.2	16.6
Total	15.1	15.5	15.9	15.6	14.5	16.7	15.3	15.0

Per quarter



Parent company

The parent company's result after financial items for the first quarter 2022 was SEK -2 (-2) million, out of which net interests SEK -0 (-) million, realised and unrealised exchange rate gains and losses SEK 1 (0) million, costs related to the listing SEK -4 (-4) million, fees to the Board SEK -2 (-2) million, cost for annual report and annual general meeting SEK -0 (-0) million and other operating income and operating costs the remaining SEK 3 (4) million.

Parent company income *

SEK millions	Q1		Jan-Dec
	2022	2021	2021
Administration costs	-6	-6	-15
Other operating income	3	4	0
Other operating costs	0	0	-1
Operating income	-3	-2	-16
Revenues from interests in group companies	-	-	682
Interest income and similar result items	1	0	0
Interest expenses and similar result items	0	-	0
Result after financial items	-2	-2	666
Change of tax allocation reserve	-	-	-423
Group contributions	-	-	1,896
Result before tax	-2	-2	2,139
Tax on this year's result	0	0	-303
Net income for the period	-2	-2	1,836

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

Parent company financial position

SEK millions	Mar 31		Dec 31
	2022	2021	2021
ASSETS			
Non-current assets			
Shares in group companies	4,669	4,669	4,669
Current assets			
Receivables on group companies	8,543	10,627	9,218
Other receivables	184	70	75
Cash and cash equivalents	42	-	21
	8,769	10,697	9,314
TOTAL ASSETS	13,438	15,366	13,983
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Restricted equity	2,387	2,387	2,387
Unrestricted equity	8,167	10,516	8,707
	10,554	12,903	11,094
Untaxed reserves			
Tax allocation reserves, taxation 2016-2022	2,871	2,447	2,871
Current liabilities			
Liabilities to group companies	13	16	14
Accounts payable	0	0	1
Other liabilities	-	0	3
	13	16	18
TOTAL EQUITY AND LIABILITIES	13,438	15,366	13,983

Owners and shares

Owners and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 46,275 (44,059) shareholders on March 31, 2022. The largest owner is Tetra Laval International SA, Switzerland, who owns 29.1 (29.1) percent. Next to the largest owner, there are nine institutional investors with ownership in the range of 6.9 to 1.8 percent. These ten largest shareholders owned 61.8 (49.5) percent of the shares.

Proposed disposition of earnings

The Board of Directors propose a dividend of SEK 6.00 (5.50) per share corresponding to SEK 2,483 (2,307) million to the Annual General Meeting and that the remaining income available for distribution in Alfa Laval AB (publ) of SEK 6,224 (8,211) million be carried forward.

The proposed dividend has decreased by SEK 9 million and the income available for distribution to be carried forward has increased by SEK 9 million compared to the proposed disposition of earnings in the fourth quarter and full year 2021 report and the annual report for 2021 due to the repurchases of shares made during the first quarter 2022.

The Board of Directors are of the opinion that the proposed dividend is consistent with the requirements that the type and size of operations, the associated risks, the capital needs, liquidity and financial position put on the company.

Repurchase of shares

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

Specification of repurchase of shares

	Second quarter	2021 Third quarter	Fourth quarter	2022 First quarter	Total
Number of repurchased shares	1,153,000	1,500,320	1,407,680	1,726,992	5,787,992
Percentage of outstanding shares	0.27%	0.36%	0.34%	0.41%	1.38%
Cash-out and decrease in parent company and consolidated equity (SEK millions)	330	510	499	539	1,878

Proposal to cancel repurchased shares and make a bonus issue

The Board will propose to the Annual General Meeting 2022 to cancel the repurchased shares. It is the number of repurchased shares when the notice to the Annual General Meeting is sent that is the basis for the decision on cancellation of shares at the Annual General Meeting. When the notice to the Annual General Meeting was sent at March 18, 2022, 5,579,492 shares were held by the company. Cancellation of these shares means that the share capital will decrease with SEK 15 million. At the same time, the Board will propose that the Annual General Meeting decides to increase the share capital by a bonus issue with the same amount without issuing any new shares. In this way the size of the share capital is restored and the company avoids having to obtain permission from Bolagsverket or if disputed the local court to cancel the repurchased shares.

Proposed share buy-back program

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

Acquisitions of businesses

On March 31, 2022 Alfa Laval announced that it has signed an agreement to acquire Desmet, part of the Desmet Ballestra Group, a world leader in engineering and supplying processing plants and technologies for edible oils and biofuel sectors. The acquisition will strengthen Alfa Laval's position in the renewable energy arena and complement its offering within edible oils. Closing is expected during Q2 2022. Headquartered in Brussels, Belgium, Desmet employs around 1,000 people in Europe, India, Southeast Asia, North America and Latin America. The business to be acquired, currently a part of the Desmet Ballestra Group, had a turnover of approximately EUR 300 million in 2021. The operational units and brands of Rosedowns and Stolz are included in the transaction. The Desmet

Ballestra Group is currently owned by Financière DSBG, and ultimately controlled by Kartesia and Farallon. The acquisition will operate as a stand-alone entity within the Food & Water Division of Alfa Laval. It strengthens Alfa Laval's position in the markets for edible oils, biofuels, and plant- and animal-based proteins for food and feed. The acquisition will be fully financed via cash. The closing is expected during the second quarter of 2022, subject to customary conditions. The acquisition will have a positive impact on earnings per share and be marginally decreative to Alfa Laval's EBITA margin. "The acquisition will be an excellent fit for our offering of specialized processing equipment designed to increase both yield and quality of customers' end products," says Tom Erixon, President and CEO of Alfa Laval. "It will add know-how and expertise to accelerate future innovations within food, feed and biofuels – and strengthen our ability to support the transformation towards renewable fuels."

Risks and other

Material factors of risk and uncertainty

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

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

Russia's war on Ukraine

Alfa Laval has a factory and a sales company in Russia and a sales company in Ukraine. Historically the order intake from the markets in Russia and Ukraine has been approximately SEK 1 billion per year, equivalent to 2 percent of the total order intake for the company. When the war started on February 24, the total order backlog in Russia and Ukraine amounted to approximately SEK 750 million. In addition, Alfa Laval companies in other countries had orders from Russian end customers of SEK 360 million. Since then, the order backlog has been re-assessed and as a result orders of SEK 602 million have been removed from the order backlog. This is mainly due to sanctions, but also when Alfa Laval has assessed that the company will not be able to deliver or get paid. Also orders where Alfa Laval supplies equipment to ship yards in other countries building ships for ship owners now under sanctions have been removed from the order backlog. Alfa Laval's possibilities to deliver are further affected if transportation into Russia can be arranged and if our sub-suppliers set restrictions on where we can deliver products with their components.

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

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

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

If we still think that we can deliver and get paid, we have made provisions for:

- Accrued costs for late delivery fees.

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

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

Concerning advance payments, we have made provisions for:

- Value of advance payments made by Alfa Laval to suppliers in Russia and Ukraine and where we do not expect any delivery or the advance being repaid to us.

The total cost for these provisions amounts to SEK 327 million and is reported as a comparison distortion item.

Alfa Laval has a competent team of approximately 230 employees in Russia and 10 employees in Ukraine. Alfa Laval will assess the longer-term implications of the war on the Russian market. For this reason, no impairment tests have yet been performed concerning the property, plant and equipment in Russia. If an impairment loss is to be made going forward, the book value including right-of-use assets is less than SEK 30 million.

Consequences of COVID-19

Alfa Laval has global and local crisis teams in place for close monitoring and swift response to changes in the situation to secure the health and safety of our employees.

As a result of successful vaccination programmes Alfa Laval has been able to step by step open up the offices again after the pandemic depending on the situation in each country.

Current and possible future extensive lockdowns in China are a concern considering Alfa Laval's large manufacturing foot print in China.

Asbestos-related lawsuits

The Alfa Laval Group was as of March 31, 2022 named as a co-defendant in a total of 547 asbestos-related lawsuits with a total of approximately 547 plaintiffs. Alfa Laval strongly believes the claims against the Group are without merit and intends to vigorously contest each lawsuit.

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

Accounting principles

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

"Q1" and "First quarter" refer to the period January 1 to March 31. "Jan-Dec" and "Full year" refers to the period January 1 to December 31. "Last 12 months" refers to the period April 1, 2021 to March 31, 2022. "The corresponding period last year" refers to the first quarter 2021.

"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 13.00 on April 26, 2022 by the President and Chief Executive Officer Tom Erixon by proxy from the Board of Directors.

Lund, April 26, 2022,

Tom Erixon
President and Chief Executive Officer
Alfa Laval AB (publ)



Alfa Laval AB (publ)

Box 73
SE-221 00 Lund
Sweden
Corporate registration number: 556587-8054

Visiting address:
Rudeboksvägen 1
Tel: + 46 46 36 65 00
Website: www.alfalaval.com

For more information, please contact:

Johan Lundin, Head of Investor Relations
Phone: +46 46 36 65 10,
Mobile: +46 730 46 30 90,
E-mail: : johan.lundin@alfalaval.com



Date for the next financial reports

Alfa Laval will publish financial reports at the following dates:
Interim report for the second quarter 2022 July 20, 2022
Interim report for the third quarter 2022 October 25, 2022

This information is information that Alfa Laval AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at CET 13.00 on April 26, 2022.

