



## Highlights

- Order intake increased by 12 percent to SEK 17.0 (15.2) billion.
- Net sales increased by 20 percent to SEK 15.8 (13.2) billion.
- Adjusted EBITA increased by 36 percent to SEK 2.6 (1.9) billion, corresponding to a margin of 16.7 (14.7) percent.
- Cash flow from operating activities of SEK 2.9 (0.7) billion.
- Earnings per share of SEK 4.29 (2.92).

## Outlook for the fourth quarter

"We expect demand in the fourth quarter to be about the same as in the third quarter."

Earlier published outlook (July 20, 2023):  
"Despite slowing economic activity, demand in Alfa Laval's end-markets is expected to remain unchanged although affected by third quarter lower seasonality."

The Q3 2023 report has been reviewed by the company's auditors, see page 27 for the review report.

## Summary

SEK millions	Q3				Jan-Sep			
	2023	2022	%	% *	2023	2022	%	% *
Order intake	17,032	15,202	12	9	53,822	42,878	26	20
Net sales	15,768	13,184	20	16	45,759	35,651	28	22
Adjusted EBITA **	2,626	1,934	36		7,391	5,709	29	
- adjusted EBITA margin (%) **	16.7	14.7			16.2	16.0		
Result after financial items	2,345	1,581	48		6,396	4,417	45	
Net income for the period	1,781	1,225	45		4,811	3,309	45	
Earnings per share (SEK)	4.29	2.92	47		11.56	7.89	47	
Cash flow from operating activities	2,932	670	338		5,278	1,629	224	
Impact on adjusted EBITA of foreign exchange effects	230	120			550	250		
Impact on result after financial items of comparison distortion items	-	-			-	-327		
Return on capital employed (%) **					19.4	18.2		
Net debt to EBITDA, times **					1.19	1.50		

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



Comment from

# Tom Erixon

President and CEO

"On an aggregate level order intake remained firm in the third quarter and reached SEK 17 billion, a growth of 12 percent compared to same quarter last year. The service business continued the strong growth trend from recent years and the project pipeline converted into orders on an expected level. The considerable strength in parts of the marine and energy sectors compensated for weaker market conditions in the construction and the food sectors. The orderbook grew to a new record level of SEK 46 billion, equivalent to approximately 8 months of sales. For the fourth quarter we expect demand to be about the same as in the third quarter.

Invoicing increased with 20 percent compared to last year and reached SEK 15.8 billion in the quarter, most notable in the Energy Division with a growth of 33 percent. The delivery performance of the group has improved significantly since the supply chain disruptions during the pandemic, with just a few bottlenecks remaining in a delivery system that is now back in balance.

Based on positive volume effects and a healthy order book the adjusted EBITA margin improved 2 percentage points to 16.7 percent. The guidance of a gradually improved margin in the Marine Division starting in the third quarter materialized as expected, with a margin just above 15 percent. The Energy Division had another strong quarter, maintaining the margin on an elevated level above 20 percent. The positive mix and lower costs related to the capacity expansion, were margin supportive in the quarter. The Food & Water Division remained on a stable margin level above 15 percent, including the dilution effect of approximately 2 percentage points resulting from the acquisition of Desmet in 2022.

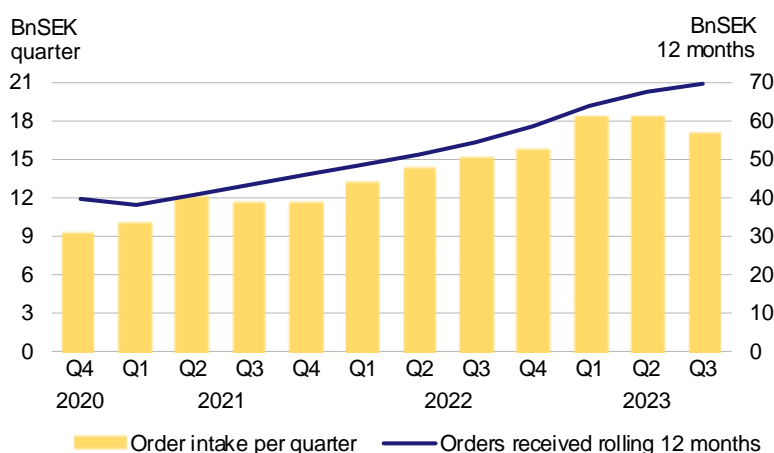
The cashflow improved sharply in the quarter and reached a free cash flow of SEK 2.4 billion. After several years of managing the exceptional growth in order intake and instable supply chains, working capital had increased above normal levels. The working capital improvements relative to our higher activity level were visible already in the second quarter and is expected to continue. Short-term, the balance sheet is strengthening considerably despite the ongoing large capacity expansion programs.

Alfa Laval's strategic direction to lead the sustainable transformation in all three divisions based on both existing and new technology platforms remain the core priority of the group. The investments in R&D and manufacturing capacity will remain on the current high level in the next few years. Further details regarding the strategic direction will be shared at the capital markets day on November 2, 2023."

Tom Erixon,  
President and CEO

## Financial overview

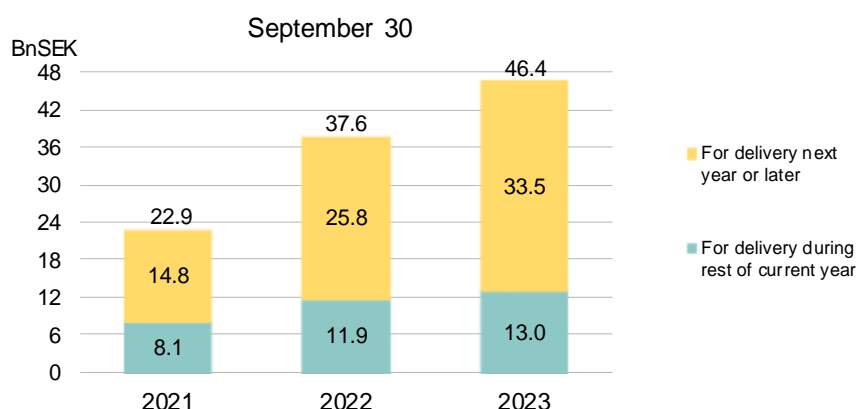
### Order intake



Orders received was SEK 17,032 (15,202) million in the third quarter and SEK 53,822 (42,878) million in the first nine months 2023.

Orders received from Service constituted 27.6 (27.0) percent of the Group's total orders received during the third quarter and 27.5 (28.4) percent during the first nine months 2023.

### Order backlog



Excluding currency effects and adjusted for acquisition and divestment of businesses the order backlog was 18.6 percent higher than the order backlog at September 30, 2022 and 21.5 percent higher than the order backlog at the end of 2022.

### Net sales

Net invoicing was SEK 15,768 (13,184) million for the third quarter and SEK 45,759 (35,651) million for the first nine months 2023.

Net invoicing relating to Service constituted 30.3 (29.7) percent of the Group's total net invoicing in the third quarter and 30.6 (30.7) percent in the first nine months 2023.

#### Order bridge

SEK millions/%	Q3	Jan-Sep
2022	15,202	42,878
Organic <sup>1)</sup>	3.7%	11.9%
Structural <sup>1)</sup>	5.1%	8.4%
Currency	3.2%	5.2%
Total	12.0%	25.5%
2023	17,032	53,822

1) Change excluding currency effects.

#### Order bridge Service

SEK millions/%	Q3	Jan-Sep
2022	4,112	12,169
Organic <sup>1)</sup>	9.1%	14.4%
Structural <sup>1)</sup>	1.0%	0.9%
Currency	4.1%	6.5%
Total	14.2%	21.8%
2023	4,694	14,826

1) Change excluding currency effects.

#### Sales bridge

SEK millions/%	Q3	Jan-Sep
2022	13,184	35,651
Organic <sup>1)</sup>	12.6%	14.6%
Structural <sup>1)</sup>	3.1%	7.6%
Currency	3.9%	6.2%
Total	19.6%	28.4%
2023	15,768	45,759

1) Change excluding currency effects.

#### Sales bridge Service

SEK millions/%	Q3	Jan-Sep
2022	3,927	10,958
Organic <sup>1)</sup>	16.5%	20.0%
Structural <sup>1)</sup>	1.0%	1.0%
Currency	4.3%	6.8%
Total	21.8%	27.8%
2023	4,783	14,002

1) Change excluding currency effects.

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

## Income analysis

	Q3		Jan-Sep		Jan-Dec	Last 12
SEK millions	2023	2022	2023	2022	2022	months
Net sales	15,768	13,184	45,759	35,651	52,135	62,243
Adjusted gross profit *	5,480	4,522	15,972	13,146	18,589	21,415
- <b>adjusted gross margin (%) *</b>	<b>34.8</b>	<b>34.3</b>	<b>34.9</b>	<b>36.9</b>	<b>35.7</b>	<b>34.4</b>
Expenses **	-2,463	-2,106	-7,463	-6,304	-8,911	-10,070
- in % of net sales	15.6	16.0	16.3	17.7	17.1	16.2
<b>Adjusted EBITDA *</b>	<b>3,017</b>	<b>2,416</b>	<b>8,509</b>	<b>6,842</b>	<b>9,678</b>	<b>11,345</b>
- <b>adjusted EBITDA margin (%) *</b>	<b>19.1</b>	<b>18.3</b>	<b>18.6</b>	<b>19.2</b>	<b>18.6</b>	<b>18.2</b>
Depreciation	-391	-482	-1,118	-1,133	-1,449	-1,434
<b>Adjusted EBITA *</b>	<b>2,626</b>	<b>1,934</b>	<b>7,391</b>	<b>5,709</b>	<b>8,229</b>	<b>9,911</b>
- <b>adjusted EBITA margin (%) *</b>	<b>16.7</b>	<b>14.7</b>	<b>16.2</b>	<b>16.0</b>	<b>15.8</b>	<b>15.9</b>
Amortisation of step-up values	-247	-248	-730	-677	-943	-996
Comparison distortion items	-	-	-	-327	-767	-440
Operating income	2,379	1,686	6,661	4,705	6,519	8,475

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

Gross margins on sales remained stable in the third quarter across the divisions, for the base business as well as service sales. Pricing activities have matched inflationary pressures, while commodity prices have stabilized on a high level. The price effect of backlog project business starts to diminish as the backlog moves to invoicing and delivery, whereas new project business pricing reflects the current cost levels of inputs. Capacity utilization over- and under-absorptions are actively addressed in order to match demand and variable costs. Both base business and service business continue to operate on margin levels on par with the previous quarters this year.

Sales and administration expenses were SEK 2,260 (2,044) million during the third quarter and SEK 6,781 (5,795) million during the first nine months 2023. The figures for the first nine months corresponded to 14.8 (16.3) percent of net sales. Excluding currency effects and acquisition/divestment of businesses, sales and administration expenses increased by 5.3 percent during the third quarter and by 6.1 percent during the first nine months 2023 compared to the corresponding periods last year.

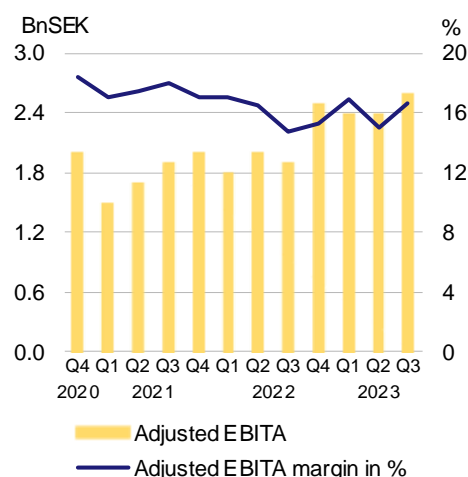
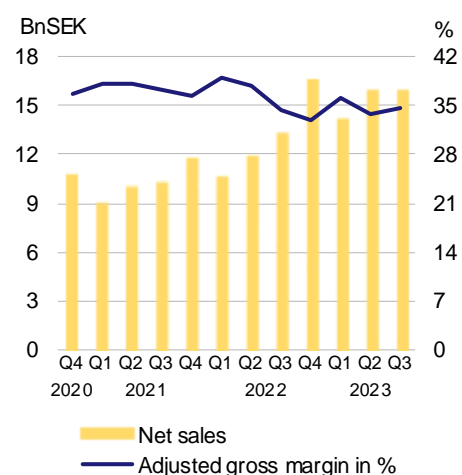
The costs for research and development during the first nine months 2023 corresponded to 2.5 (2.7) percent of net sales. Excluding currency effects and acquisition/divestment of businesses, the costs for research and development increased by 6.7 percent during the third quarter and by 9.8 percent during the first nine months 2023 compared to the corresponding periods last year.

Earnings per share was SEK 11.56 (7.89) for the first nine months 2023. The corresponding figure excluding amortisation of step-up values and the corresponding tax, was SEK 12.94 (9.24).

## Comparison distortion items

	Q3		Jan-Sep		Jan-Dec	Last 12
SEK millions	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 nine months 2022 were relating to costs triggered by Russia's war on Ukraine.



## Consolidated financial net and taxes

The financial net for the first nine months 2023 was SEK -243 (-181) 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 -17 (-4) million, interest on the bilateral term loans of SEK -92 (-5) million, interest on the corporate bonds of SEK -89 (-103) million, interest on the commercial paper programme of SEK -20 (-3) and a net of dividends, changes in fair value and other interest income and interest costs of SEK -25 (-66) million. The net of realised and unrealised exchange rate differences was SEK -22 (-107) million.

The tax on the result after financial items was SEK -564 (-356) million in the third quarter and SEK -1,585 (-1,108) million in the first nine months 2023.

## Cash flow

During the first nine months 2023 cash flows from operating and investing activities were SEK 3,444 (-2,967) million. The figure for 2023 has been burdened with SEK -1,651 (-3,278) 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 1,118 (1,133) million during the first nine months 2023.

Acquisition of businesses during the first nine months 2023 amount to SEK -332 (-3,672) 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, the acquisition of Header-coil Company A/S with SEK -53 million, the acquisition of a European service provider with SEK -154 million, payment of withheld purchase price for the acquisition of Scanjet with SEK -23 million, payment of withheld purchase price for the acquisition of BunkerMetric with SEK -2 million and a reduction of the purchase price for Desmet with SEK 42 million. The figure for 2022 was relating to the acquisition of Desmet with SEK -3,431 million, the acquisition of Scanjet with SEK -225 million, the acquisition of BunkerMetric with SEK -12 million and payment of withheld purchase price for the acquisition of Airec with SEK -4 million.

## Key figures

	Sep 30		Dec 31
	2023	2022	2022
Return on capital employed (%) <sup>1)</sup>	19.4	18.2	17.3
Return on equity (%) <sup>2)</sup>	17.0	14.7	13.5
Solidity (%) <sup>3)</sup>	43.1	42.3	43.9
Net debt to EBITDA, times <sup>1)</sup>	1.19	1.50	1.47
Debt ratio, times <sup>1)</sup>	0.35	0.39	0.37
Number of employees <sup>4)</sup>	21,089	19,818	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.

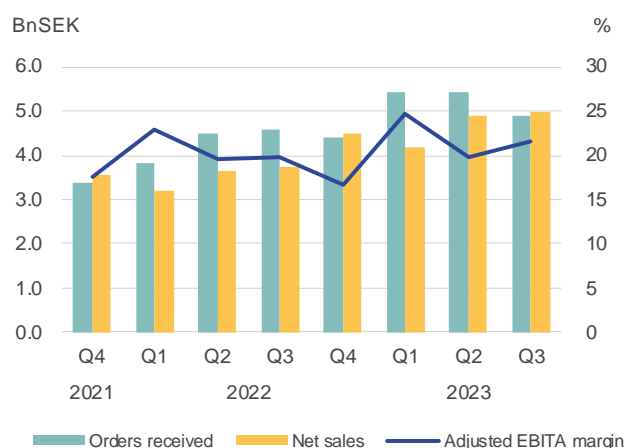
Focus is on increased energy efficiency, waste heat recovery and sustainable solutions.

- Order intake increased by 7 percent to SEK 4.9 (4.6) billion, with an organic growth of 2 percent.
- Net sales increased by 33 percent to SEK 5.0 (3.7) billion, with an organic growth of 29 percent.
- Adjusted EBITA of SEK 1,075 (735) million, corresponding to a margin of 21.6 percent.

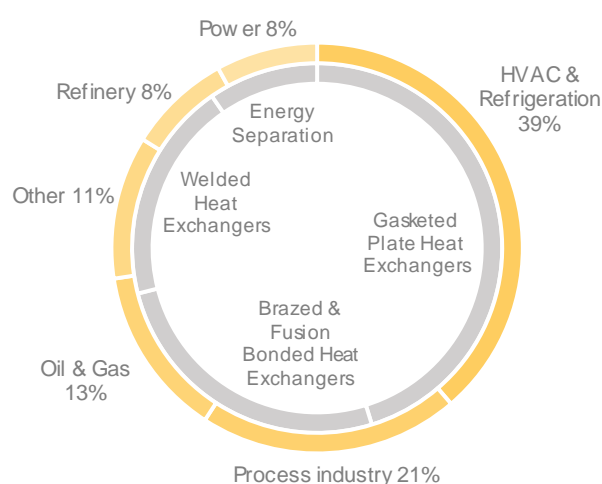
	Q3		Jan-Sep		Jan-Dec	Last 12
SEK millions	2023	2022	2023	2022	2022	months
Orders received	4,902	4,583	15,752	12,887	17,294	20,159
Order backlog <sup>1)</sup>	10,676	8,582	10,676	8,582	8,517	10,676
Net sales	4,967	3,726	14,073	10,574	15,074	18,573
Operating income <sup>2)</sup>	1,060	694	3,037	2,056	2,761	3,742
Adjusted EBITA <sup>3)</sup>	1,075	735	3,086	2,181	2,927	3,832
Adjusted EBITA margin <sup>4)</sup>	21.6%	19.7%	21.9%	20.6%	19.4%	20.6%
Depreciation	94	129	256	285	352	323
Amortisation	15	41	49	125	166	90
Investments <sup>5)</sup>	166	106	608	326	535	817
Assets <sup>1)</sup>	20,346	17,165	20,346	17,165	17,330	20,346
Liabilities <sup>1)</sup>	8,107	6,758	8,107	6,758	6,574	8,107
Number of employees <sup>1)</sup>	5,702	5,231	5,702	5,231	5,457	5,702

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-Sep 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 order intake for the Energy Division grew compared to the third quarter last year. High energy prices and the need to secure energy supply continued to drive investment in fossil fuel production and distribution, with a number of projects in gas and refinery booked in the quarter. Investments in solutions in the emerging clean energy sector developed positively in the quarter and so did the service business. Order intake was strong across many geographical markets, but the order intake decreased in Northern Europe and Northeast Asia related to a weaker sentiment in the building industry.

Order intake in the largest end market, HVAC\*\* was lower than last year. Growth remained positive in heat pumps and datacentre cooling, whilst demand was lower in the traditional heating and cooling. Demand for our solutions in commercial refrigeration was also lower than a year ago. This was driven by lower activity levels in Europe and Northeast Asia. Demand in petrochemicals manufacturing remained good, however order intake declined as a consequence of a very strong quarter last year. Demand from customers in other process industries grew in the quarter, mainly driven by energy efficiency investments. Growth was good in clean tech with orders for equipment for renewable fuels production.

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

### Net sales\*

Net sales grew strongly 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 large positive volume effect. The net mix impact was flat. Increased sales activities, costs related to investments and inflationary pressure resulted in increasing overhead cost compared to last year. Currency had a small positive impact.

#### Order bridge

SEK millions/%	Q3	Jan-Sep
2022	4,583	12,887
Organic <sup>1)</sup>	2.3%	15.9%
Structural <sup>1)</sup>	0.2%	0.1%
Currency	4.5%	6.2%
Total	7.0%	22.2%
2023	4,902	15,752

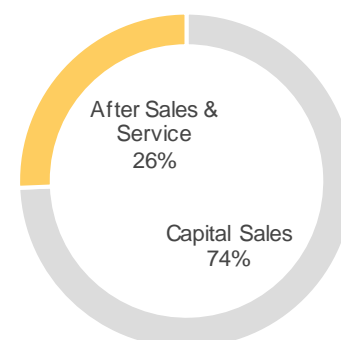
1) Change excluding currency effects.

#### Sales bridge

SEK millions/%	Q3	Jan-Sep
2022	3,726	10,574
Organic <sup>1)</sup>	29.0%	26.4%
Structural <sup>1)</sup>	0.2%	0.1%
Currency	4.1%	6.6%
Total	33.3%	33.1%
2023	4,967	14,073

1) Change excluding currency effects.

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



#### Income bridge

SEK millions	Q3	Jan-Sep
Adjusted EBITA 2022	735	2,181
Volume <sup>1)</sup>	411	1,102
Mix <sup>1)</sup>	3	21
Costs <sup>1)</sup>	-80	-279
Currency	6	61
Adjusted EBITA 2023	1,075	3,086

1) Change excluding currency effects.

\* Comments excluding currency effects.

\*\* Heating, Ventilation & Air Conditioning.

\*\*\* Comments relating to income bridge.





# Food & Water Division

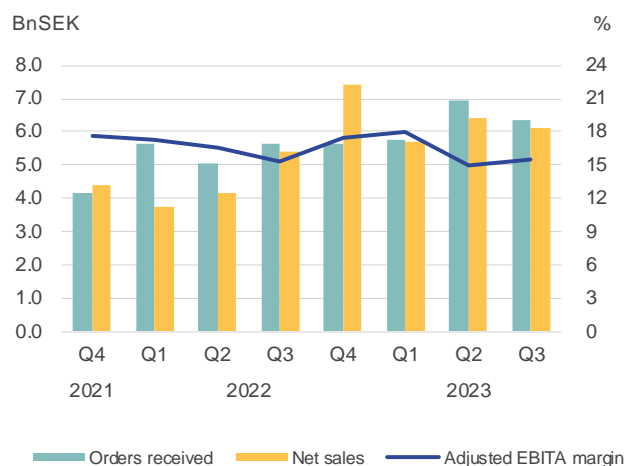
The division offers different types of products for heat transfer, separation and hygienic fluid handling and targets customers in food, pharmaceuticals, biotech, vegetable oils, brewery, dairy and body care products. In addition, the division focuses on public and industrial water treatment as well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

- Order intake increased by 13 percent to SEK 6.4 (5.6) billion, with an organic growth of -2 percent.
- Net sales increased by 13 percent to 6.1 (5.4) billion, with an organic growth of 3 percent.
- Adjusted EBITA of SEK 942 (833) million, corresponding to a margin of 15.5 percent.

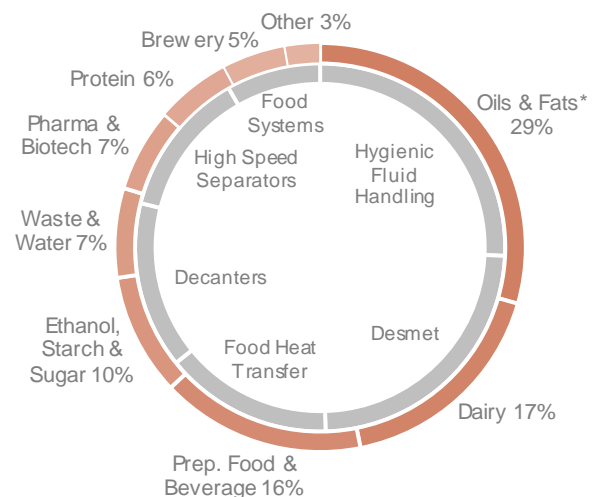
SEK millions	Q3		Jan-Sep		Jan-Dec	Last 12
	2023	2022	2023	2022	2022	months
Orders received	6,365	5,611	19,082	16,296	21,909	24,695
Order backlog <sup>1)</sup>	15,806	16,158	15,806	16,158	14,381	15,806
Net sales	6,086	5,402	18,220	13,284	20,691	25,627
Operating income <sup>2)</sup>	880	792	2,748	2,105	3,339	3,982
Adjusted EBITA <sup>3)</sup>	942	833	2,931	2,166	3,458	4,223
Adjusted EBITA margin <sup>4)</sup>	15.5%	15.4%	16.1%	16.3%	16.7%	16.5%
Depreciation	118	176	354	361	449	442
Amortisation	62	41	183	61	119	241
Investments <sup>5)</sup>	107	100	300	221	360	439
Assets <sup>1)</sup>	21,918	20,491	21,918	20,491	21,196	21,918
Liabilities <sup>1)</sup>	8,548	7,911	8,548	7,911	8,291	8,548
Number of employees <sup>1)</sup>	8,278	7,991	8,278	7,991	8,052	8,278

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-Sep 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, with strong contribution from Desmet. Organically, the order intake declined slightly due to a somewhat lower investment activity in most industries. Geographically, the slightly weaker demand was reflected in the majority of the regions with the exception of Southeast Asia and Eastern Europe.

Order intake in oils & fats grew, driven by Desmet with high demand for both oils & fats and HVO\*\* related applications. Excluding Desmet, the order intake declined compared to the same quarter last year. Underlying demand for HVO remained strong. Dairy was below last year despite growth in Asia as both the U.S. and Europe declined. The pharma & biotech market declined across all geographical regions, after years of very strong activity. Order intake for ethanol, starch & sugar decreased slightly, even though the demand for ethanol was high in the U.S., Brazil and India as a result of higher blending requirements. Order intake for waste & water contracted due to lower public funding. The important North American market and Asia declined in the quarter, whereas Europe was slightly up. The order intake for brewery decreased with less of larger capacity expansion projects. Demand instead continues to come primarily from replacements and process and yield improving products and solutions.

Service showed growth primarily driven by upgrading and service agreements, whereas traditional services and spare parts showed a more stable development. Geographically, Southeast Asia, China and India showed the strongest growth.

### Net sales\*

Net sales grew compared to the same quarter last year. Capital sales had a smaller share of project sales and grew below the pace of service. Sales grew strongly in pharma, waste & water as well as in ethanol and protein, but declined in dairy, oils & fats and brewery. Geographically, net sales decreased in China.

### Adjusted EBITA\*\*\*

The increased project sales in the quarter resulted in a positive volume effect. The total mix impact was limited as the positive aftersales mix was somewhat neutralized by a higher share of larger projects. Inflationary pressure increased costs together with the inclusion of Desmet. A positive currency effect compensated somewhat for the increased costs.

\* Comments excluding currency effects.

\*\* Hydrotreated Vegetable Oil.

\*\*\* Comments relating to income bridge.

### Order bridge

SEK millions/%	Q3	Jan-Sep
2022	5,611	16,296
Organic <sup>1)</sup>	-2.1%	-9.3%
Structural <sup>1)</sup>	12.1%	20.4%
Currency	3.4%	6.0%
Total	13.4%	17.1%
2023	6,365	19,082

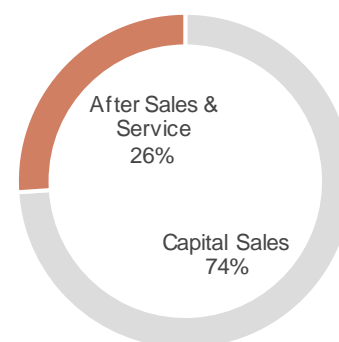
1) Change excluding currency effects.

### Sales bridge

SEK millions/%	Q3	Jan-Sep
2022	5,402	13,284
Organic <sup>1)</sup>	2.5%	11.5%
Structural <sup>1)</sup>	6.0%	18.5%
Currency	4.2%	7.2%
Total	12.7%	37.2%
2023	6,086	18,220

1) Change excluding currency effects.

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



### Income bridge

SEK millions	Q3	Jan-Sep
Adjusted EBITA 2022	833	2,166
Volume <sup>1)</sup>	138	1,321
Mix <sup>1)</sup>	10	-184
Costs <sup>1)</sup>	-65	-498
Currency	26	126
Adjusted EBITA 2023	942	2,931

1) Change excluding currency effects.

# Marine Division

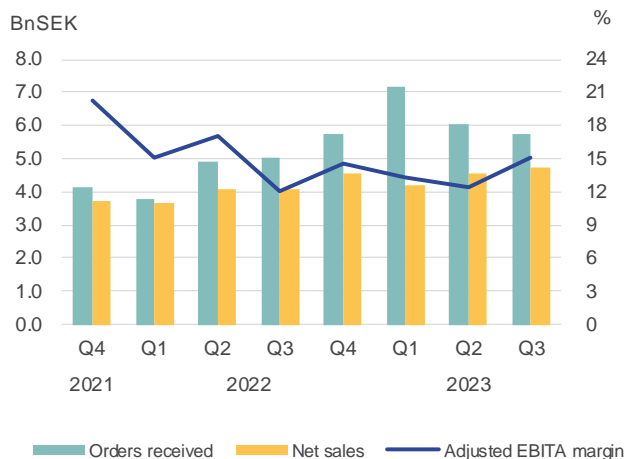
The division's customers include shipowners, shipyards, manufacturers of diesel and gas engines, as well as companies that work with offshore extraction of oil and gas. The offering includes pumping systems, boilers, heat transfer equipment, high speed separators digital solutions and several different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

- Order intake increased by 15 percent to SEK 5.8 (5.0) billion, with an organic growth of 11 percent.
- Net sales increased by 16 percent to SEK 4.7 (4.1) billion, with an organic growth of 11 percent.
- Adjusted EBITA of SEK 712 (490) million, corresponding to a margin of 15.1 percent.

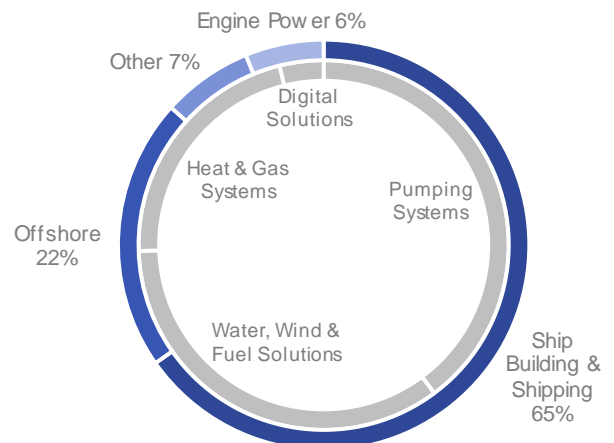
SEK millions	Q3		Jan-Sep		Jan-Dec	Last 12
	2023	2022	2023	2022	2022	months
Orders received	5,765	5,008	18,988	13,695	19,442	24,735
Order backlog <sup>1)</sup>	19,935	12,870	19,935	12,870	14,122	19,935
Net sales	4,715	4,056	13,466	11,793	16,370	18,043
Operating income <sup>2)</sup>	543	324	1,338	1,244	1,741	1,835
Adjusted EBITA <sup>3)</sup>	712	490	1,833	1,735	2,399	2,497
Adjusted EBITA margin <sup>4)</sup>	15.1%	12.1%	13.6%	14.7%	14.7%	13.8%
Depreciation	84	91	248	238	312	322
Amortisation	169	166	495	491	658	662
Investments <sup>5)</sup>	112	49	204	142	235	297
Assets <sup>1)</sup>	31,314	30,433	31,314	30,433	30,932	31,314
Liabilities <sup>1)</sup>	8,605	6,467	8,605	6,467	7,241	8,605
Number of employees <sup>1)</sup>	5,661	5,319	5,661	5,319	5,465	5,661

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-Sep 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 increased compared to the same quarter last year. Growth was driven by a stronger demand in most product areas and especially in pumping systems and 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 lower contracting levels in the other ship segments. 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. During the quarter, the first ammonia fuel supply system order and a number of multi-fuel methanol boiler orders were booked. 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 offshore pumping systems increased significantly compared to the same quarter last year. The underlying market sentiment in this area remained strong due to stable high 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, offset the lower sales for PureBallast.

### Adjusted EBITA\*\*

Adjusted EBITA increased in the third quarter compared to the same quarter last year. The solid net sales growth in the quarter had a positive volume effect. The margin increased, benefitting from a higher service share. The factory and engineering result was positively affected by the improvement in the factory load. The cost level was higher than last year due to a higher activity level and the added costs related to Scanjet.

#### Order bridge

SEK millions/%	Q3	Jan-Sep
2022	5 008	13 695
Organic <sup>1)</sup>	11,4%	33,1%
Structural <sup>1)</sup>	1,9%	2,2%
Currency	1,8%	3,3%
Total	15,1%	38,6%
2023	5 765	18 988

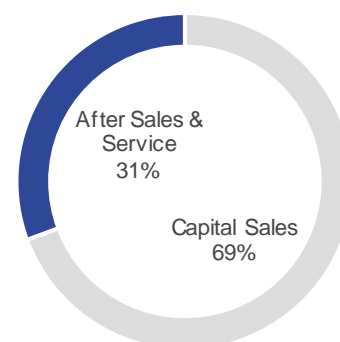
1) Change excluding currency effects.

#### Sales bridge

SEK millions/%	Q3	Jan-Sep
2022	4,056	11,793
Organic <sup>1)</sup>	11.0%	7.6%
Structural <sup>1)</sup>	1.8%	2.0%
Currency	3.4%	4.6%
Total	16.2%	14.2%
2023	4,715	13,466

1) Change excluding currency effects.

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



#### Income bridge

SEK millions	Q3	Jan-Sep
Adjusted EBITA 2022	490	1,735
Volume <sup>1)</sup>	171	410
Mix <sup>1)</sup>	87	-330
Costs <sup>1)</sup>	-46	-27
Currency	10	45
Adjusted EBITA 2023	712	1,833

1) Change excluding currency effects.

\* Comments excluding currency effects.

\*\* Comments relating to income bridge.



## Operations and Other

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

SEK millions	Q3		Jan-Sep		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>	-119	-113	-467	-356	-507	-618
Adjusted EBITA <sup>3)</sup>	-118	-113	-464	-356	-507	-615
Depreciation	95	86	260	249	336	347
Amortisation	1	0	3	0	0	3
Investments <sup>5)</sup>	142	100	404	251	723	876
Assets <sup>1)</sup>	2,109	1,708	2,109	1,708	1,983	2,109
Liabilities <sup>1)</sup>	1,140	946	1,140	946	1,097	1,140
Number of employees <sup>1)</sup>	1,448	1,277	1,448	1,277	1,326	1,448

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 nine 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	Q3		Jan-Sep		Jan-Dec	Last 12
	2023	2022	2023	2022	2022	months
<b>Adjusted EBITA</b>						
Total for divisions	2,611	1,945	7,386	5,726	8,277	9,937
Amortisation	-247	-248	-730	-677	-943	-996
Comparison distortion items	-	-	-	-327	-767	-440
Consolidation adjustments *	15	-11	5	-17	-48	-26
Total operating income	2,379	1,686	6,661	4,705	6,519	8,475
Financial net	-34	-105	-265	-288	-340	-317
Result after financial items	2,345	1,581	6,396	4,417	6,179	8,158
<b>Assets **</b>						
Total for divisions	75,687	69,797	75,687	69,797	71,441	75,687
Corporate ***	10,802	10,836	10,802	10,836	9,808	10,802
Group total	86,489	80,633	86,489	80,633	81,249	86,489
<b>Liabilities **</b>						
Total for divisions	26,400	22,082	26,400	22,082	23,203	26,400
Corporate ***	22,849	24,415	22,849	24,415	22,342	22,849
Group total	49,249	46,497	49,249	46,497	45,545	49,249

\* 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 third quarter

Division			Order	Total per Business Unit	
Business Unit		Delivery	amount	Q3 2023	Q3 2022
Scope of supply		date		SEK millions	
Energy					
Welded Heat Exchangers					
Heat exchangers for an LNG terminal in China.	2024		76		
Air coolers for propylene condensers to an ethane plant in the U.S.	2024		248	324	-
Energy Separation				-	93
Gasketed Plate Heat Exchangers					
Heat exchangers for data centres in the U.S.	2024		72	72	200
Food & Water					
Food Systems				-	132
Desmet					
Equipment for a palm oil fractionation plant in Indonesia.	2024		66		
Equipment for a canola pre-pressing plant in Canada.	2025		142		
Equipment for a canola oil extraction plant in Canada.	2025		118		
Equipment for a canola oil refinery plant in Canada.	2025		208		
Pre-treatment equipment for a biodiesel plant in Bolivia.	2024		76		
HVO pre-treatment equipment for a biofuel plant in Australia.	2024		402		
HVO pre-treatment equipment for a biofuel plant in Thailand.	2024		113		
Equipment for a rapeseed pressing plant in Poland.	2023		76	1,201	-
Decanters				-	78
Marine					
Heat & Gas Systems					
Waste heat recovery system for a gas turbine plant in the Caribbean.	2024		240	240	-
Pumping Systems					
Fire water pumps for an FPSO* vessel in China.	2024		69		
Sea water lift pumps for an FPSO* vessel in Singapore.	2025		68		
Sea water lift pumps for an FPSO* vessel in Singapore.	2024		128		
Sea water lift pumps for an FPSO* vessel in Singapore.	2024		127		
Sea water lift pumps for an oil platform in Norway.	2025		86		
Cargo pumps for an FPSO* vessel in China.	2025		185	663	196
Total				2,500	699

\* Floating Production, Storage and Offloading.

## Information about products and services

### Net sales by product/service \*

	Q3		Jan-Sep		Jan-Dec	Last 12
SEK millions	2023	2022	2023	2022	2022	months
Own products within:						
Separation	2,760	2,227	7,640	5,833	8,613	10,420
Heat transfer	6,602	5,062	18,594	14,146	20,149	24,597
Fluid handling	2,968	2,868	8,820	8,152	11,275	11,943
Marine environmental	866	951	2,679	3,019	3,995	3,655
Other	0	0	0	0	0	0
Associated products	1,533	1,193	4,982	2,036	4,567	7,513
Services	1,039	883	3,044	2,465	3,536	4,115
Total	15,768	13,184	45,759	35,651	52,135	62,243

\* 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

At Alfa Laval, we are committed to progress towards a more efficient, less wasteful world for our customers and society as whole. We support the sustainable transformation and drive efficiency and behavioural change. We believe actions speak louder than words, so with every step we act to reach the challenging targets we have set. To make the change happen we collaborate closely with our partners and together we enable technologies that create sustainable future alternatives. We pioneer innovative solutions that play a key role in optimizing and transforming critical industrial processes and enable our customers to unlock the true potential of resources - bringing the goal of a truly sustainable world closer.

## Case studies

### Conserving public water resources

At the Alfa Laval production site in São Paulo, Brazil 100 percent of the water used operationally is now being reused. Zero water is drawn from the public supply following the successful implementation of a series of water-capture and recycling solutions.

### Cleaner cross-border transportation

As part of the drive to reduce emissions from logistics operations, Alfa Laval and Scan Global Logistics announced on 8 September 2023, that they will be operating an electric Scania truck for their designated route between Alfa Laval's manufacturing sites in Sweden and Scan Global's site in Denmark, with estimated savings of 5.3 tons CO<sub>2</sub> emissions annually.

### Safety

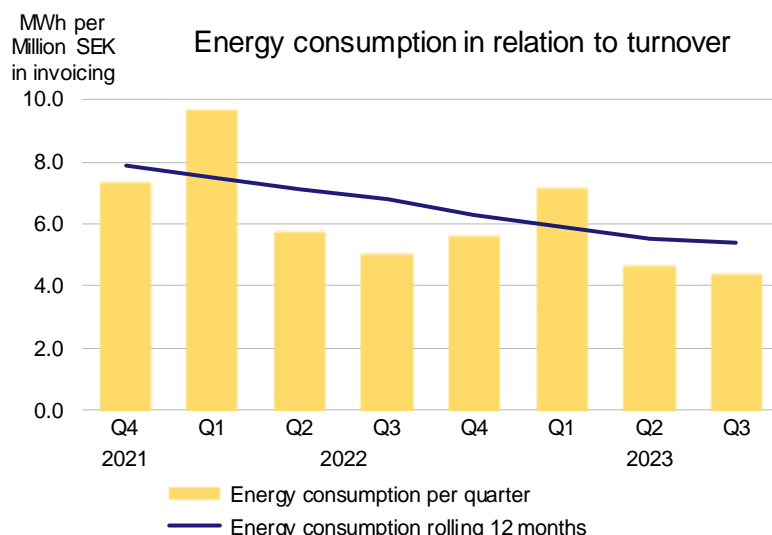
Alfa Laval's Business Unit Hygienic Fluid Handling sites have been making significant steps in prioritizing safety. The initiative is part of a wide-ranging safety drive in Kolding (Denmark), Kunshan (China), Pune (India), Richmond (the U.S.) and Sao Paulo (Brazil). A number of measures was rolled out across the manufacturing plants, including the display of safety metrics on monitors across the facilities and campaigns promoting the use of personal protection equipment in every factory. The number of LTIs in the above mentioned locations went from 16 in 2021 to 4 in 2022, with 2 reported up to September 2023. Furthermore, safety updates became a staple topic in the quarterly webinars for BU HFH operations. The underlying mantra through all these initiatives was clear: follow up, ensure compliance and always prioritize safety.

### 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.

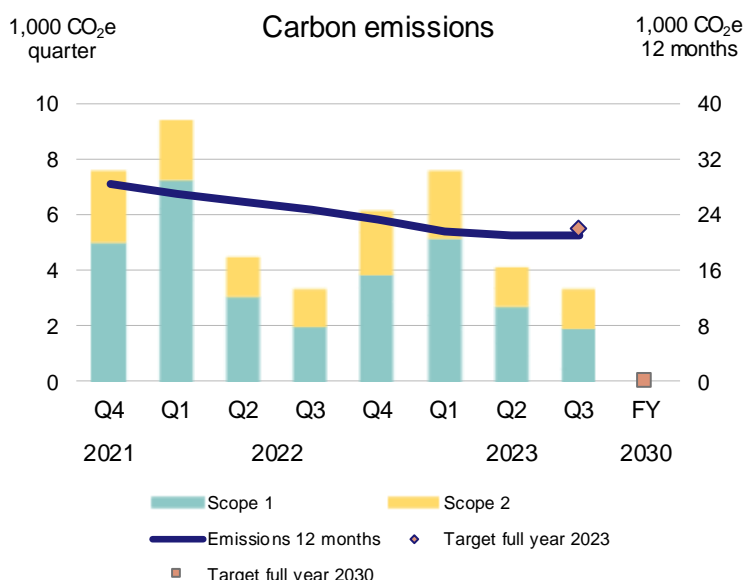


## Energy



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

## Carbon emissions

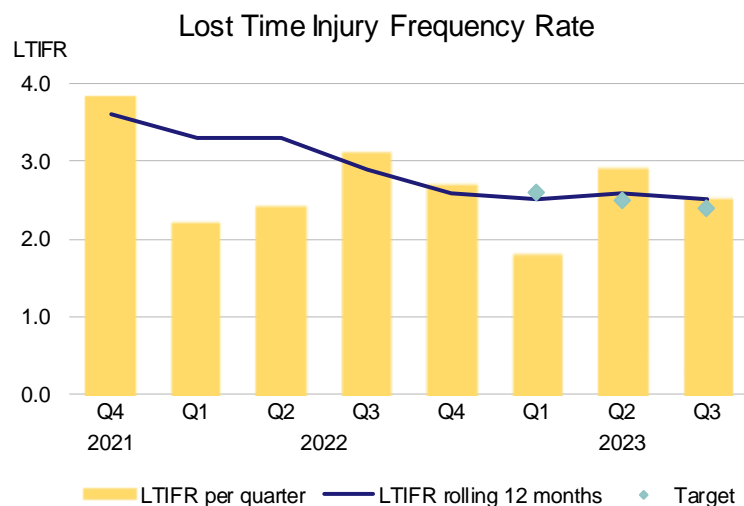


We continue to see a positive trend in our energy use in the third quarter 2023 compared to the corresponding period last year. Despite the increase in sales, the company managed to have a fairly stable energy consumption. Our continuous work in controlling our consumption through our Energy Management system, ALEM, is showing results. Increased focus and awareness on energy efficiency in general led to many minor savings in daily work globally.

An important side note is that the weak exchange rate of SEK as well as inflation-driven price increases brings the sales figure up. What is important is to establish a trend and drive improvement initiatives.

Overall energy efficiency efforts mentioned above, have made a positive contribution. Our transition to electric vehicles in company cars has had a positive impact on Scope 1 emissions in specific geographical areas. Additionally, the purchase of renewable electricity during the quarter has increased, which has positively impacted Scope 2 emissions. Largely, we are on track towards our 2023 targets and our efforts to improve both Scope 1 and Scope 2 emissions will continue. The ongoing work to reduce and replace natural gas consumption also contributed to the reduction in Scope 1 emissions during the third quarter.

## Health and safety



In August, one of our employees was tragically involved in a fatal traffic accident while crossing a street in Singapore during a service assignment. The majority of the other lost time injuries in the third quarter were related to slips, trips and falls. Alfa Laval has seen an overall small decrease of lost time injuries in the quarter compared to the previous period (26 in the second quarter versus 23 in the third quarter 2023). Our strong focus on safety is steadfast, with additional focus put on sites with a negative development.

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

## New products during the third quarter

During the third 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:

### Alfa Laval T21 semi-welded heat exchanger

Reaching sustainability goals triggers the need for industrial heat pumps over fossil heating sources. For the same reason, the industrial refrigeration market turns toward CO<sub>2</sub> and cascade applications instead of using traditional brine solutions. The new T21 semi-welded heat exchanger is packed with our latest innovations and pushes the boundaries when it comes to temperature and high-pressure duties. Thanks to high thermal efficiency, compact design, and easy serviceability the Alfa Laval T21 semi-welded is the perfect option for cascade duties and industrial heat pumps.



### Alfa Laval DualFrac

DualFrac, the innovative Alfa Laval solution for continuous dry fractionation, enable palm oil producers to reduce electricity and steam consumption by up to 40 percent while increasing valuable oil yield. More than 90 percent of all palm oil undergoes dry fractionation either in a single or multiple stages. The solution separates refined palm oil into valuable olein (liquid) for cooking oil and stearin (solid) for hard fat products such as shortening, margarines and confectionary fats. DualFrac enables operators to switch easily between continuous and conventional batch dry fractionation to produce liquid palm olein with different qualities.

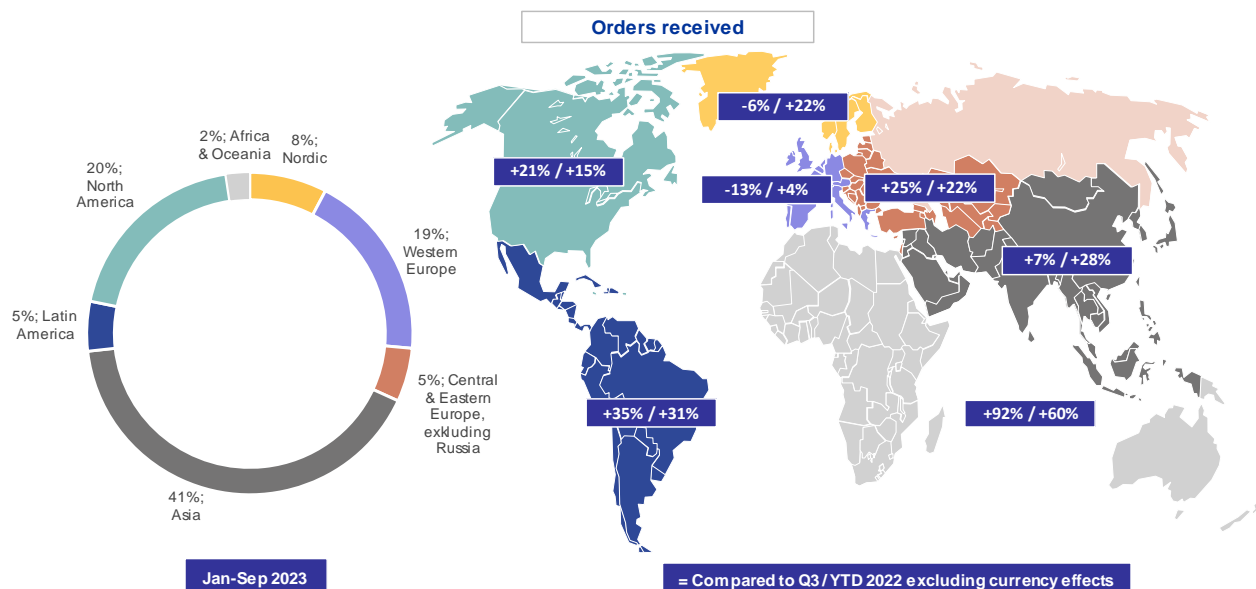


### Alfa Laval PureFerm

The Alfa Laval PureFerm range has been developed specifically for bioprocessing and the next generation proteins. Equipped with unique Alfa Laval technologies such as Hermetic Design and Bactofuge, it is especially suited for handling high density cell harvesting through continuous separation, securing customers get more product at a significantly reduced power consumption. Compared to traditional centrifuges on the market, Hermetic Design typically consume up to 40 percent less energy, which is important for the customers who typically have multiple machines installed at huge plants.



## Information by region



### Western Europe including Nordic

The order intake in the region declined in the third quarter compared to the same quarter last year. Energy grew driven by power and refinery, while HVAC & refrigeration and process industry declined. Food & Water had a strong underlying demand in prepared foods, while oils & fats declined. Marine reported a good underlying demand in shipping, while offshore declined. Service reported strong growth in all three divisions.

### Central and Eastern Europe

The region reported double-digit growth in order intake 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 protein. 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 HVAC & refrigeration. Food & Water showed growth driven by oils & fats and protein. Marine reported growth in shipbuilding & shipping. Service grew in Energy and Marine.

### Latin America

The order intake in the region grew with double digits compared to the same quarter last year. Energy reported growth driven by HVAC & refrigeration. Food & Water reported strong underlying demand in oils & fats and ethanol, starch & sugar. Marine reported growth driven by engine power. Service reported growth in Energy and Marine.

### Asia

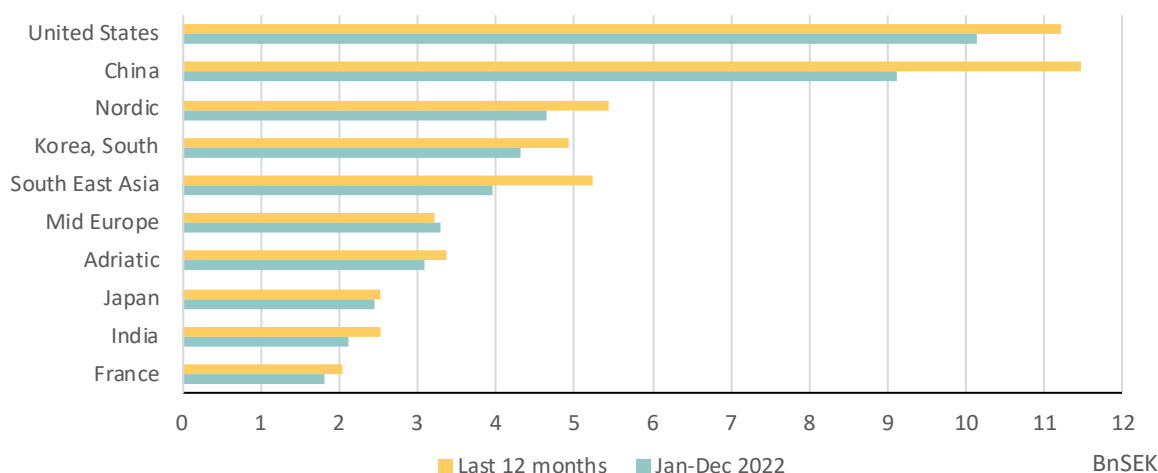
The region reported growth in order intake compared to last year. Energy reported a strong underlying demand in HVAC & refrigeration and oil & gas. Food & Water noted a strong underlying demand in oils & fats and dairy. Marine reported a strong growth in shipbuilding and offshore. Service reported growth in Food & Water and Marine.

### Africa and Oceania

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



## Order intake for the 10 largest markets



## Net sales

	Q3		Jan-Sep		Jan-Dec	Last 12
SEK millions	2023	2022	2023	2022	2022	months
To customers in:						
Sweden	326	291	1,048	851	1,206	1,403
Other EU	3,926	3,116	11,462	8,827	12,889	15,524
Other Europe	1,205	1,089	3,712	3,352	4,812	5,172
USA	2,618	2,373	7,903	6,055	8,784	10,632
Other North America	293	273	903	773	1,081	1,211
Latin America	951	654	2,553	1,695	2,388	3,246
Africa	259	199	849	424	778	1,203
China	2,384	2,046	6,287	5,138	7,153	8,302
South Korea	758	872	2,366	2,556	3,801	3,611
Other Asia	2,868	2,087	8,113	5,515	8,559	11,157
Oceania	180	184	563	465	684	782
Total	15,768	13,184	45,759	35,651	52,135	62,243

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

## Non-current assets

	Sep 30		Dec 31
SEK millions	2023	2022	2022
Sweden	3,194	2,610	2,942
Denmark	5,580	5,194	5,348
Other EU	9,265	8,930	8,829
Norway	14,378	15,325	15,393
Other Europe	391	443	416
USA	4,296	4,434	4,236
Other North America	160	151	158
Latin America	366	350	379
Africa	8	8	9
Asia	4,606	4,316	4,394
Oceania	115	122	118
Subtotal	42,359	41,883	42,222
Other long-term securities	449	475	475
Pension assets	281	96	201
Deferred tax asset	1,662	2,008	1,895
Total	44,751	44,462	44,793

## 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	Q3		Jan-Sep		Jan-Dec	Last 12
	2023	2022	2023	2022	2022	months
<b>Operating activities</b>						
Operating income	2,379	1,686	6,661	4,705	6,519	8,475
Adjustment for depreciation and amortisation	638	730	1,848	1,810	2,392	2,430
Adjustment for other non-cash items	-11	-16	32	-45	105	182
	3,006	2,400	8,541	6,470	9,016	11,087
Taxes paid	-503	-470	-1,641	-1,440	-1,834	-2,035
	2,503	1,930	6,900	5,030	7,182	9,052
Changes in working capital:						
Increase(-)/decrease(+) of receivables	-331	-22	-2,439	-1,293	-2,155	-3,301
Increase(-)/decrease(+) of inventories	-193	-979	-1,651	-3,278	-3,140	-1,513
Increase(+)/decrease(-) of liabilities	1,062	83	2,690	1,652	2,058	3,096
Increase(+)/decrease(-) of provisions	-109	-342	-222	-482	-654	-394
<b>Increase(-)/decrease(+) in working capital</b>	<b>429</b>	<b>-1,260</b>	<b>-1,622</b>	<b>-3,401</b>	<b>-3,891</b>	<b>-2,112</b>
	2,932	670	5,278	1,629	3,291	6,940
<b>Investing activities</b>						
Investments in fixed assets (Capex)	-527	-355	-1,516	-940	-1,853	-2,429
Divestment of fixed assets	12	-1	14	16	20	18
Acquisition of businesses	-232	-3,668	-332	-3,672	-3,685	-345
	-747	-4,024	-1,834	-4,596	-5,518	-2,756
<b>Financing activities</b>						
Received interests and dividends	41	24	108	57	99	150
Paid interests	-111	-45	-358	-249	-290	-399
Realised financial exchange gains	2	51	50	70	68	48
Realised financial exchange losses	-56	-16	-191	-68	-147	-270
Repurchase of shares	-	-	-	-661	-661	-
Dividends to owners of the parent	-	-	-2,480	-2,480	-2,480	-2,480
Dividends to non-controlling interests	1	-	-18	-	-12	-30
Increase(-) of financial assets	23	-16	-57	-364	-457	-150
Decrease(+) of financial assets	2	0	37	992	1,002	47
Increase of loans	-6	4,590	2,409	11,747	12,546	3,208
Amortisation of loans	-700	-399	-2,500	-5,676	-6,575	-3,399
	-804	4,189	-3,000	3,368	3,093	-3,275
<b>Cash flow for the period</b>	<b>1,381</b>	<b>835</b>	<b>444</b>	<b>401</b>	<b>866</b>	<b>909</b>
Cash and cash equivalents at the beginning of the period	3,467	3,038	4,352	3,356	3,356	3,932
Translation difference in cash and cash equivalents	-55	59	-3	175	130	-48
<b>Cash and cash equivalents at the end of the period</b>	<b>4,793</b>	<b>3,932</b>	<b>4,793</b>	<b>3,932</b>	<b>4,352</b>	<b>4,793</b>
Free cash flow per share (SEK) *	5.85	0.76	9.14	1.70	3.52	10.96
Capex in relation to net sales	3.3%	2.7%	3.3%	2.6%	3.6%	3.9%
Average number of shares**	413,326,315	413,326,315	413,326,315	413,742,003	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	Q3		Jan-Sep		Jan-Dec	Last 12
	2023	2022	2023	2022	2022	months
Net sales	15,768	13,184	45,759	35,651	52,135	62,243
Cost of goods sold	-10,535	-8,910	-30,517	-23,182	-34,489	-41,824
Gross profit	5,233	4,274	15,242	12,469	17,646	20,419
Sales costs	-1,568	-1,531	-4,658	-4,081	-5,634	-6,211
Administration costs	-692	-513	-2,123	-1,714	-2,305	-2,714
Research and development costs	-374	-329	-1,150	-970	-1,356	-1,536
Other operating income	192	144	628	511	772	889
Other operating costs	-427	-359	-1,325	-1,534	-2,652	-2,443
Share of result in joint ventures	15	0	47	24	48	71
Operating income	2,379	1,686	6,661	4,705	6,519	8,475
Dividends and other financial income and costs	-1	1	7	3	5	9
Interest income and financial exchange rate gains	93	114	297	214	267	350
Interest expense and financial exchange rate losses	-126	-220	-569	-505	-612	-676
Result after financial items	2,345	1,581	6,396	4,417	6,179	8,158
Taxes	-564	-356	-1,585	-1,108	-1,610	-2,087
<b>Net income for the period</b>	<b>1,781</b>	<b>1,225</b>	<b>4,811</b>	<b>3,309</b>	<b>4,569</b>	<b>6,071</b>
Other comprehensive income:						
Items that will subsequently be reclassified to net income						
Cash flow hedges	313	-504	-548	-1,237	-346	343
Translation difference	-59	957	-384	2,425	1,872	-937
Deferred tax on other comprehensive income	-124	152	202	345	211	68
Sum	130	605	-730	1,533	1,737	-526
Items that will subsequently not be reclassified to net income						
Revaluations of defined benefit obligations	9	60	58	180	329	207
Market valuation of external shares	0	0	0	-14	-13	1
Deferred tax on other comprehensive income	-5	-16	-18	-75	-109	-52
Sum	4	44	40	91	207	156
<b>Comprehensive income for the period</b>	<b>1,915</b>	<b>1,874</b>	<b>4,121</b>	<b>4,933</b>	<b>6,513</b>	<b>5,701</b>
<b>Net income attributable to:</b>						
Owners of the parent	1,770	1,207	4,776	3,264	4,503	6,015
Non-controlling interests	11	18	35	45	66	56
Earnings per share (SEK)	4.29	2.92	11.56	7.89	10.89	14.56
Average number of shares*	413,326,315	413,326,315	413,326,315	413,742,003	413,637,227	413,326,315
<b>Comprehensive income attributable to:</b>						
Owners of the parent	1,905	1,847	4,084	4,855	6,427	5,656
Non-controlling interests	10	27	37	78	86	45

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



## Consolidated financial position

SEK millions	Sep 30		Dec 31
	2023	2022	2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	31,142	31,788	31,417
Property, plant and equipment	11,150	10,052	10,710
Other non-current assets	2,459	2,622	2,666
	44,751	44,462	44,793
<b>Current assets</b>			
Inventories	16,085	14,764	14,775
Assets held for sale	98	29	100
Accounts receivable	11,058	8,978	9,717
Other receivables	9,246	7,564	6,596
Derivative assets	147	516	605
Other current deposits	311	388	311
Cash and cash equivalents *	4,793	3,932	4,352
	41,738	36,171	36,456
<b>TOTAL ASSETS</b>	<b>86,489</b>	<b>80,633</b>	<b>81,249</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Owners of the parent	36,891	33,810	35,382
Non-controlling interests	349	326	322
	37,240	34,136	35,704
<b>Non-current liabilities</b>			
Liabilities to credit institutions etc.	10,206	13,142	13,362
Lease liabilities	1,760	1,710	1,549
Provisions for pensions and similar commitments	1,106	1,443	1,192
Provision for deferred tax	2,030	2,110	2,293
Other non-current liabilities	483	825	590
	15,585	19,230	18,986
<b>Current liabilities</b>			
Liabilities to credit institutions etc.	5,246	1,801	1,700
Accounts payable	4,945	4,466	5,314
Advances from customers	9,013	6,901	6,634
Other provisions	2,151	1,929	2,164
Other liabilities	11,412	10,939	10,054
Derivative liabilities	897	1,231	693
	33,664	27,267	26,559
Total liabilities	49,249	46,497	45,545
<b>TOTAL SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>	<b>86,489</b>	<b>80,633</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	Sep 30		Dec 31
		2023	2022	2022
<b>Financial assets</b>				
Other non-current securities	1 and 2	252	286	270
Bonds and other securities	1	116	101	114
Derivative assets	2	214	560	700
<b>Financial liabilities</b>				
Derivative liabilities	2	978	1,569	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	Sep 30		Dec 31
	2023	2022	2022
Credit institutions	352	335	829
Swedish Export Credit	2,303	2,190	2,227
Handelsbanken	1,152	1,095	1,114
Commercial papers	299	1,491	892
Corporate bonds	11,346	9,832	10,000
Borrowings	15,452	14,943	15,062
Cash and cash equivalents and current deposits	-5,104	-4,320	-4,663
Net debt excluding lease liabilities*	10,348	10,623	10,399
Lease liabilities	2,674	2,611	2,671
Net debt including lease liabilities*	13,022	13,234	13,070

\* Alternative performance measure.

Alfa Laval has a revolving credit facility of EUR 700 million corresponding to SEK 8,070 million on September 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 September 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 June 2024, with a possibility to extend it for another year.

The commercial paper programme of SEK 4,000 million, was utilised with SEK 300 million at September 30, 2023.

On September 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

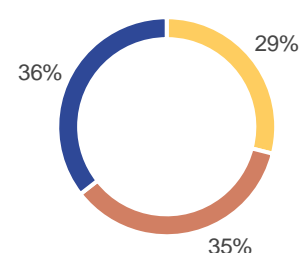
SEK millions	Jan-Sep		Jan-Dec
	2023	2022	2022
<b>At the beginning of the period</b>	35,704	32,344	32,344
<b>Changes attributable to:</b>			
<b>Owners of the parent</b>			
<b>Comprehensive income</b>			
Comprehensive income for the period	4,084	4,855	6,427
<b>Transactions with shareholders</b>			
Repurchase 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>	1,509	1,714	3,286
<b>Non-controlling interests</b>			
<b>Comprehensive income</b>			
Comprehensive income for the period	37	78	86
<b>Transactions with shareholders</b>			
Decrease of non-controlling interests	-27	-	-
Non-controlling interests in acquired companies	35	-	0
Dividends	-18	-	-12
	-10	-	-12
<b>Subtotal</b>	27	78	74
<b>At the end of the period</b>	37,240	34,136	35,704

## Condensed segment reporting per quarter

### Orders received

	2023			2022				2021
SEK millions	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Energy	4,902	5,413	5,437	4,407	4,583	4,496	3,808	3,362
Food & Water	6,365	6,941	5,776	5,613	5,611	5,033	5,652	4,139
Marine	5,765	6,051	7,172	5,747	5,008	4,892	3,795	4,150
Operations & Other	0	0	0	0	0	0	0	0
Total	17,032	18,405	18,385	15,767	15,202	14,421	13,255	11,651

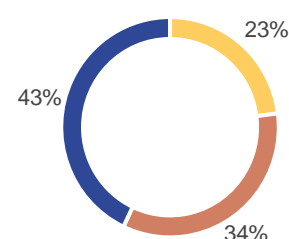
### Last 12 months



### Order backlog

	2023			2022				2021
SEK millions	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Energy	10,676	10,716	10,149	8,517	8,582	7,625	6,669	5,791
Food & Water	15,806	15,454	14,779	14,381	16,158	10,169	9,146	6,823
Marine	19,935	18,807	17,247	14,122	12,870	11,712	10,829	10,340
Operations & Other	0	0	0	0	0	0	0	0
Total	46,417	44,977	42,175	37,020	37,610	29,506	26,644	22,954

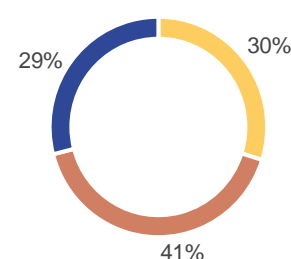
### September 30, 2023



### Net sales

	2023			2022				2021
SEK millions	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Energy	4,967	4,910	4,196	4,500	3,726	3,639	3,209	3,556
Food & Water	6,086	6,412	5,722	7,407	5,402	4,140	3,742	4,388
Marine	4,715	4,558	4,193	4,577	4,056	4,073	3,664	3,748
Operations & Other	0	0	0	0	0	0	0	0
Total	15,768	15,880	14,111	16,484	13,184	11,852	10,615	11,692

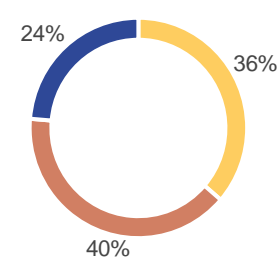
### Last 12 months



### Adjusted EBITA\*

	2023			2022				2021
SEK millions	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Energy	1,075	974	1,037	746	735	708	738	621
Food & Water	942	962	1,027	1,292	833	684	649	775
Marine	712	565	556	664	490	692	553	757
Operations & Other	-118	-132	-214	-151	-113	-121	-122	-141
Total	2,611	2,369	2,406	2,551	1,945	1,963	1,818	2,012

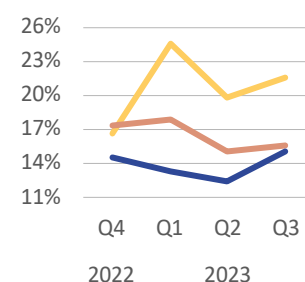
### Last 12 months



### Adjusted EBITA margin\*

	2023			2022				2021
%	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Energy	21.6	19.8	24.7	16.6	19.7	19.5	23.0	17.5
Food & Water	15.5	15.0	17.9	17.4	15.4	16.5	17.3	17.7
Marine	15.1	12.4	13.3	14.5	12.1	17.0	15.1	20.2
Total	16.6	14.9	17.1	15.5	14.8	16.6	17.1	17.2

### Per quarter



## Parent company

The parent company's result after financial items for the first nine months 2023 was SEK 4,204 (58) million, out of which dividends from subsidiaries SEK 4,037 (62) million, net interests SEK 170 (-0) million, realised and unrealised exchange rate gains and losses SEK 0 (2) million, costs related to the listing SEK -4 (-4) million, fees to the Board SEK -7 (-7) million, cost for annual report and annual general meeting SEK -1 (-0) million and other operating income and operating costs the remaining SEK 9 (5) million.

### Parent company income \*

SEK millions	Q3		Jan-Sep		Jan-Dec
	2023	2022	2023	2022	2022
Administration costs	-3	-4	-12	-11	-14
Other operating income	3	5	10	7	2
Other operating costs	0	-1	-1	-2	-1
Operating income	0	0	-3	-6	-13
Revenues from interests in group companies	37	-	4,037	62	62
Interest income and similar result items	75	1	170	2	46
Interest expenses and similar result items	0	0	0	0	0
Result after financial items	112	1	4,204	58	95
Change of tax allocation reserve	-	-	-	-	578
Group contributions	-	-	-	-	509
Result before tax	112	1	4,204	58	1,182
Tax on this year's result	-15	0	-34	1	-241
Net income for the period	97	1	4,170	59	941

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

### Parent company financial position

SEK millions	Sep 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	7,836	5,844	6,402
Other receivables	418	392	141
Cash and cash equivalents	3	0	0
	8,257	6,236	6,543
<b>TOTAL ASSETS</b>	12,926	10,905	11,212
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Restricted equity	2,387	2,387	2,387
Unrestricted equity	8,197	5,625	6,507
	10,584	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	48	22	22
Accounts payable	-	0	1
Other liabilities	1	-	2
	49	22	25
<b>TOTAL EQUITY AND LIABILITIES</b>	12,926	10,905	11,212



## Owners and shares

### Owners and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 53,762 (51,856) shareholders on September 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 7.2 to 1.6 percent. These ten largest shareholders owned 61.3 (63.9) 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 September 30, 2023	413,326,315

### Nomination Committee for the Annual General Meeting 2024

The Nomination Committee for the Annual General Meeting 2024 has now been appointed by the largest shareholders of Alfa Laval AB and consists of the following members:

Finn Rausing – Winder Holding  
Daniel Kristiansson – Alecia Tjänstepension Ömsesidigt  
Lennart Francke – Swedbank Robur Fonder  
Anders Oscarsson – AMF-Försäkring och Fonder  
Javiera Ragnartz – SEB Fonder

In addition, Dennis Jönsson, Chairman of the Board of Alfa Laval AB, will be part of the Nomination Committee.

The Annual General Meeting of Alfa Laval AB will be held in Lund, Sweden, on Thursday April 25, 2024, at 16.00 (CET).

Shareholders who wish to submit proposals for the Nomination Committee in preparation of the Annual General Meeting can turn to the Chairman of the Board of Alfa Laval AB, Dennis Jönsson or to the other shareholder representatives. Contact can also be made directly via E-mail to: [valberedningen@alfalaval.com](mailto:valberedningen@alfalaval.com).

## 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.

On July 31, 2023 Alfa Laval acquired 100 percent of a European service provider. The company will operate under its own name as an independent channel.

On July 31, 2023 Alfa Laval acquired 51 percent of the Danish company Header-coil Company A/S that develops and manufactures heat exchangers and steam generation system equipment components based on its header-coil design for the concentrated solar power (CSP) industry, thermal energy storage etc.

## 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 September 30, 2023 the number of employees in Russia had decreased further down to 34. 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 September 30, 2023 named as a co-defendant in a total of 452 asbestos-related lawsuits with a total of approximately 452 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 third 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.

"Q3" and "Third quarter" refer to the period July 1 to September 30. "Jan-Sep" and "First nine months" refer to the period January 1 to September 30. "Jan-Dec" and "Full year" refer to the period January 1 to December 31. "Last 12 months" refers to the period October 1, 2022 to September 30, 2023. "The corresponding period last year" refers to the third quarter 2022 or the first nine 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.

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The interim report has been issued at CET 7.30 on October 25, 2023 by the President and Chief Executive Officer Tom Erixon by proxy from the Board of Directors.

Lund, October 25, 2023,

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

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## Review report

### Introduction

We have reviewed the summary interim financial information (the interim report) of Alfa Laval AB (publ) as of September 30, 2023 and the nine months' period then ended. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report, in all material aspects, is not prepared for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act and for the Parent company in accordance with the Swedish Annual Accounts Act.

Lund, October 25, 2023,

Andreas Troberg  
Authorised Public Accountant

Karoline Tedevall  
Authorised Public Accountant



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](http://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](mailto:johan.lundin@alfalaval.com)



Date for the next financial reports

Alfa Laval will publish financial reports at the following dates:

Fourth quarter and full year report	February 6, 2024
Interim report for the first quarter	April 25, 2024
Interim report for the second quarter	July 23, 2024

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 7.30 on October 25, 2023.

