



**Advancing better™**

## Continued strong order intake

- Strong order intake in all regions and end markets.
- Record high order intake in the Energy Division.
- Growth in all parts of the service business.
- The adjusted EBITA margin improved to 18.0%.

## 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, 2021):  
"We expect demand in the third quarter to be somewhat lower than in the second quarter."

The Q3 2021 report has been reviewed by the company's auditors, see page 25 for the review report.

## Summary

SEK millions	Q3				Jan-Sep			
	2021	2020	%	% *	2021	2020	%	% *
Order intake	11,680	8,935	31	31	34,067	30,561	11	18
Net sales	10,275	9,728	6	7	29,219	30,773	-5	1
Adjusted EBITA **	1,854	1,710	8		5,122	5,262	-3	
- adjusted EBITA margin (%) **	18.0	17.6			17.5	17.1		
Result after financial items	1,567	1,382	13		4,281	4,053	6	
Net income for the period	1,226	1,038	18		3,323	3,016	10	
Earnings per share (SEK)	2.91	2.46	18		7.87	7.14	10	
Cash flow from operating activities	1,469	1,256	17		3,853	5,059	-24	
Impact on adjusted EBITA of foreign exchange effects	0	10			-100	160		
Impact on result after financial items of comparison distortion items	-	-63			-192	-63		
Return on capital employed (%) **					18.3	21.4		
Net debt to EBITDA, times **					1.07	0.49		

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



Comment from

# Tom Erixon

President and CEO

"The demand across almost all regions and end markets continued on a high level. The higher focus on sustainability is the main driver in applications like energy efficiency and new sources of protein. In several important product groups, order intake reached a new all-time high and is now well above the running rate in 2019. The service business also achieved a new record level due to the post-pandemic recovery and Alfa Laval's targeted investments in digital solutions and field engineering over the last years.

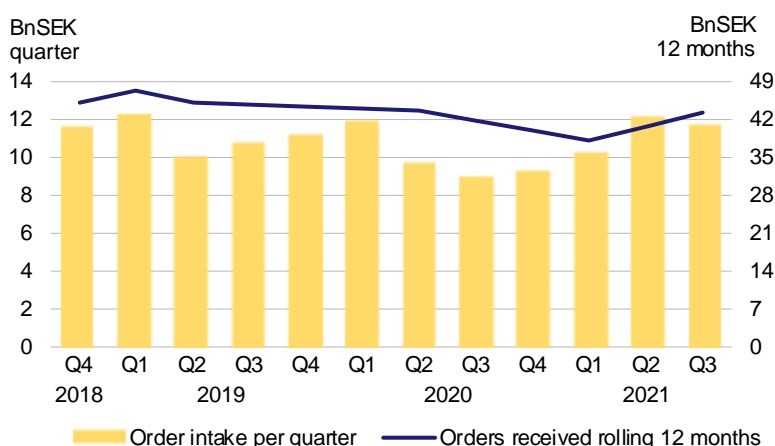
The EBITA margin improved to 18.0% in the quarter. Productivity improvements and continued reduced cost of quality more than compensated the broad inflationary pressure. In particular, the profitability improvements accomplished in engineering projects had a meaningful contribution to the group's margin improvement trend.

Demand in several of our core technologies has been strong and is expected to grow in the years to come. To support this expected growth, an investment program to increase the capacity of the current technology platforms has been initiated. In addition, Alfa Laval has increased the R&D activities over the last four years to prepare the new technology platforms to further address the carbon reduction targets of our customers. Both these factors are resulting in a forward-looking capex program, expected to reach a level of SEK 2-2.5 billion per year over the next three years. This is around twice the level in recent years. Further details will be presented at the capital markets day on November 30, 2021."

Tom Erixon,  
President and CEO

## Financial overview

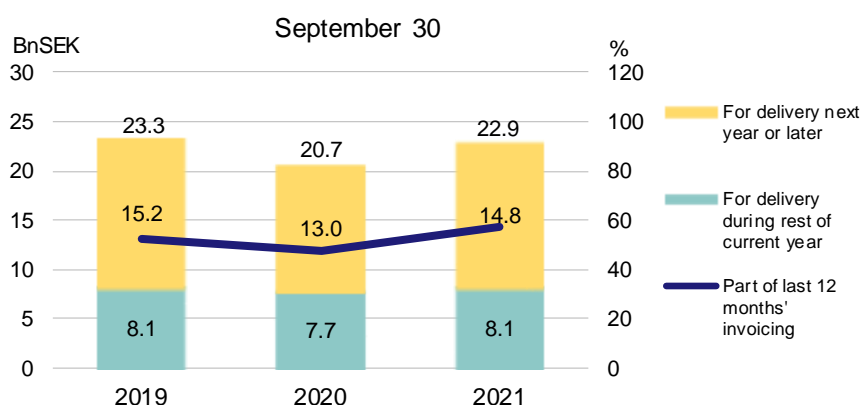
### Order intake



Orders received was SEK 11,680 (8,935) million in the third quarter and SEK 34,067 (30,561) million in the first nine months 2021.

Orders received from Service constituted 29.2 (30.3) percent of the Group's total orders received during the third quarter and 27.8 (29.4) percent during the first nine months 2021.

### Order backlog



Excluding currency effects and adjusted for acquisition and divestment of businesses the order backlog was 17.8 percent higher than the order backlog on September 30, 2020 and 26.6 percent higher than the order backlog at the end of 2020.

### Net sales

Net invoicing was SEK 10,275 (9,728) million for the third quarter and SEK 29,219 (30,773) million for the first nine months 2021.

Net invoicing relating to Service constituted 29.5 (28.5) percent of the Group's total net invoicing in the third quarter and 29.3 (28.2) percent in the first nine months 2021.

Order bridge		
SEK millions/%	Q3	Jan-Sep
2020	8,935	30,561
Organic <sup>1)</sup>	29.4%	17.3%
Structural <sup>1)</sup>	2.0%	0.8%
Currency	-0.7%	-6.6%
Total	30.7%	11.5%
2021	11,680	34,067

1) Change excluding currency effects.

Order bridge Service		
SEK millions/%	Q3	Jan-Sep
2020	2,707	8,978
Organic <sup>1)</sup>	21.1%	9.9%
Structural <sup>1)</sup>	6.5%	2.6%
Currency	-1.5%	-7.0%
Total	26.1%	5.5%
2021	3,414	9,470

1) Change excluding currency effects.

Sales bridge		
SEK millions/%	Q3	Jan-Sep
2020	9,728	30,773
Organic <sup>1)</sup>	5.3%	-0.3%
Structural <sup>1)</sup>	1.8%	0.8%
Currency	-1.5%	-5.5%
Total	5.6%	-5.0%
2021	10,275	29,219

1) Change excluding currency effects.

Sales bridge Service		
SEK millions/%	Q3	Jan-Sep
2020	2,775	8,705
Organic <sup>1)</sup>	4.7%	2.5%
Structural <sup>1)</sup>	6.4%	2.7%
Currency	-1.9%	-6.6%
Total	9.2%	-1.4%
2021	3,030	8,581

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	2021	2020	2021	2020	2020	months
Net sales	10,275	9,728	29,219	30,773	41,468	39,914
Adjusted gross profit *	3,835	3,507	11,066	11,197	15,113	14,982
- <b>adjusted gross margin (%) *</b>	<b>37.3</b>	<b>36.1</b>	<b>37.9</b>	<b>36.4</b>	<b>36.4</b>	<b>37.5</b>
Expenses **	-1,660	-1,541	-5,063	-5,135	-6,748	-6,676
- in % of net sales	16.2	15.8	17.3	16.7	16.3	16.7
<b>Adjusted EBITDA *</b>	<b>2,175</b>	<b>1,966</b>	<b>6,003</b>	<b>6,062</b>	<b>8,365</b>	<b>8,306</b>
- <b>adjusted EBITDA margin (%) *</b>	<b>21.2</b>	<b>20.2</b>	<b>20.5</b>	<b>19.7</b>	<b>20.2</b>	<b>20.8</b>
Depreciation	-321	-256	-881	-800	-1,134	-1,215
<b>Adjusted EBITA *</b>	<b>1,854</b>	<b>1,710</b>	<b>5,122</b>	<b>5,262</b>	<b>7,231</b>	<b>7,091</b>
- <b>adjusted EBITA margin (%) *</b>	<b>18.0</b>	<b>17.6</b>	<b>17.5</b>	<b>17.1</b>	<b>17.4</b>	<b>17.8</b>
Amortisation of step-up values	-199	-209	-591	-653	-855	-793
Comparison distortion items	0	-63	-192	-63	-796	-925
Operating income	1,655	1,438	4,339	4,546	5,580	5,373

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

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

Sales and administration expenses were SEK 1,602 (1,368) million during the third quarter and SEK 4,671 (4,486) million during the first nine months 2021. The figures for the first nine months corresponded to 16.0 (14.6) percent of net sales. Excluding currency effects and acquisition/divestment of businesses, sales and administration expenses increased by 10.0 percent during the third quarter and by 5.7 percent during the first nine months 2021 compared to the corresponding periods last year. The increase is reflecting that the activity level now is returning to more normal levels after the pandemic, except for travelling.

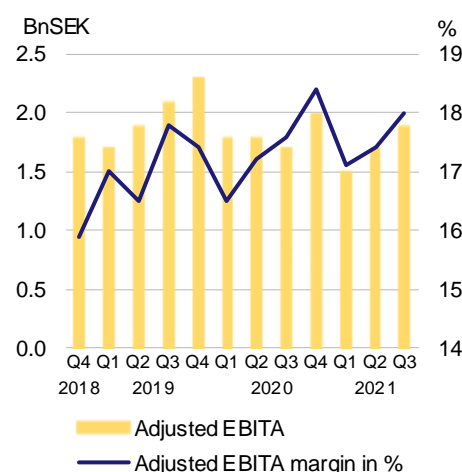
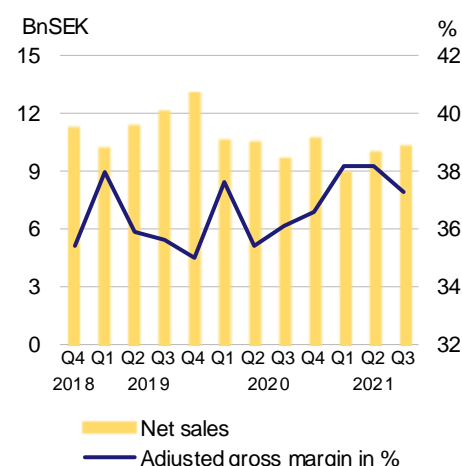
The costs for research and development during the first nine months 2021 corresponded to 2.8 (2.5) percent of net sales. Excluding currency effects and acquisition/divestment of businesses, the costs for research and development increased by 12.6 percent during the third quarter and by 8.2 percent during the first nine months 2021 compared to the corresponding periods last year.

Earnings per share was SEK 7.87 (7.14) for the first nine months 2021. The corresponding figure excluding amortisation of step-up values and the corresponding tax, was SEK 9.05 (8.40).

## Comparison distortion items

	Q3		Jan-Sep		Jan-Dec	Last 12
SEK millions	2021	2020	2021	2020	2020	months
<b>Other operating income</b>						
Comparison distortion items:						
- Realised gain on sale of businesses	-	-	3	-	-	3
- Realised gain on sale of properties	-	-	9	-	-	9
<b>Other operating costs</b>						
Comparison distortion items:						
- Realised loss on sale of businesses	-	-63	-	-63	-55	8
- Write down of goodwill	-	-	-	-	-360	-360
- Restructuring costs	-	-	-204	-	-381	-585
<b>Net comparison distortion items</b>	<b>-</b>	<b>-63</b>	<b>-192</b>	<b>-63</b>	<b>-796</b>	<b>-925</b>

The comparison distortion items during the first nine months 2021 are relating to the final step in the restructuring program that was started during the fourth quarter 2020 and the realised gains on the sale of the remaining air heat exchanger operation in India to LU-VE and on the sale of a property in India.



The realized loss in full year 2020 was relating to the divestment of the operations in DSO Fluid Handling Inc in the U.S. The write down of goodwill and the restructuring costs were part of the restructuring program that was announced on December 16, 2020 and that is described on page 24.

### Consolidated financial net and taxes

The financial net for the first nine months 2021 was SEK -111 (-144) 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 -9 (-3) million, interest on the bilateral term loans of SEK -2 (-27) million, interest on the corporate bonds of SEK -62 (-64) million, interest on the commercial paper programme of SEK -0 (-) and a net of dividends, changes in fair value and other interest income and interest costs of SEK -38 (-50) million. The net of realised and unrealised exchange rate differences was SEK 53 (-349) million.

The tax on the result after financial items was SEK -341 (-344) million in the third quarter and SEK -958 (-1,037) million in the first nine months 2021.

### Cash flow

During the first nine months 2021 cash flows from operating and investing activities were SEK -485 (4,483) million. The change is mainly explained by the acquisition of StormGeo, see below, but also by increased inventories to secure our ability to deliver.

Depreciation, excluding allocated step-up values, was SEK 881 (800) million during the first nine months 2021.

Acquisition of businesses during the first nine months 2021 amount to SEK -3,615 (-18) million. The figure for 2021 is mainly relating to the acquisition of StormGeo with SEK -3,588 million. In addition, StormGeo has acquired two small companies in Brazil for SEK -13 million, withheld purchase price has been paid for the acquisitions of Airec with SEK -8 million, of WCR Benelux BV with SEK -1 million and of Chiefmar with SEK -0 million. Furthermore, an additional purchase price for the acquisition of Aalborg AS has been paid with SEK -5 million. The figure for 2020 was relating to acquisition of a smaller operation in the Netherlands, WCR Benelux BV, with SEK -10 million and payment of withheld purchase price for the acquisition of Airec with SEK -8 million.

Divestment of businesses during the first nine months 2021 amount to SEK 8 (125) million. The figure for 2021 is relating to additional purchase price concerning the sale of the remaining air heat exchanger operation in India to LU-VE. The figure for 2020 was relating to divestment of the operations in DSO Fluid Handling Inc with SEK 6 million, payment of withheld purchase price for the sale of the commercial/industrial air heat exchangers business to the LU-VE Group with SEK 101 million and the sale of Alfa Laval Champ to Thermal Solutions Manufacturing with SEK 18 million.

### Key figures

Key figures	Sep 30		Dec 31
	2021	2020	2020
Return on capital employed (%) <sup>1)</sup>	18.3	21.4	19.1
Return on equity (%) <sup>2)</sup>	13.1	16.0	12.7
Solidity (%) <sup>3)</sup>	47.6	45.1	47.8
Net debt to EBITDA, times <sup>1)</sup>	1.07	0.49	0.48
Debt ratio, times <sup>1)</sup>	0.26	0.15	0.13
Number of employees <sup>4)</sup>	17,678	16,921	16,882

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 during 2021 is mainly explained 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.

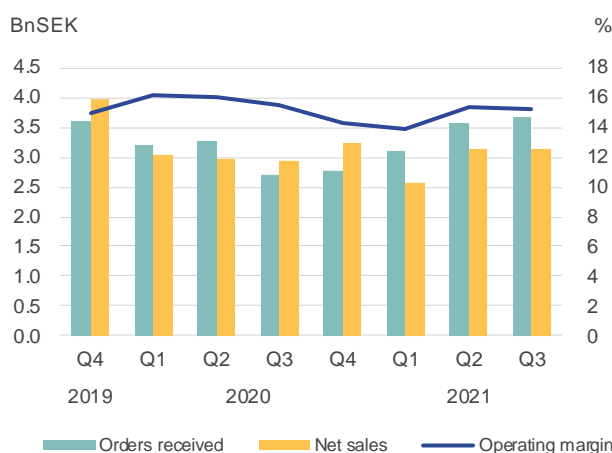
Focus is on increased energy efficiency, waste heat recovery and sustainable solutions.

- Record high order intake.
- Higher project activity in power and process industries.
- Improved demand in oil & gas related industries.
- Service returned to growth across all end markets and geographical regions.

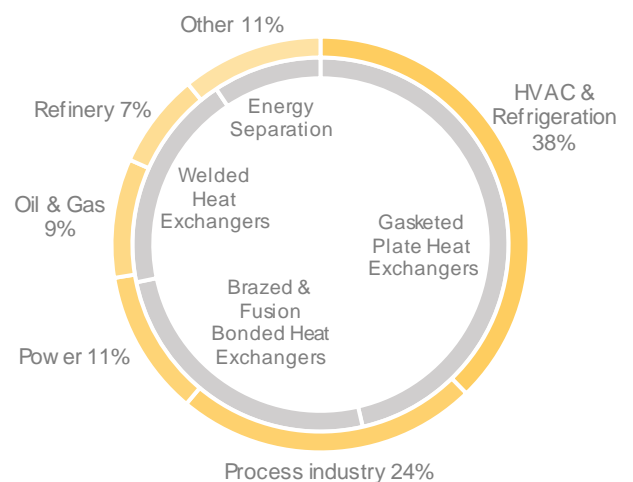
SEK millions	Q3		Jan-Sep		Jan-Dec	Last 12
	2021	2020	2021	2020	2020	months
Orders received	3,659	2,716	10,313	9,192	11,952	13,073
Order backlog*	5,969	5,301	5,969	5,301	4,740	5,969
Net sales	3,146	2,922	8,827	8,940	12,187	12,074
Operating income**	479	454	1,316	1,418	1,882	1,780
Operating margin***	15.2%	15.5%	14.9%	15.9%	15.4%	14.7%
Depreciation and amortisation	115	104	319	327	452	444
Investments****	118	134	244	221	352	375
Assets*	13,028	14,107	13,028	14,107	12,726	13,028
Liabilities*	5,431	5,748	5,431	5,748	5,574	5,431
Number of employees*	5,135	5,113	5,135	5,113	5,111	5,135

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

## Quarterly development



## Order intake Jan-Sep 2021 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 considerable growth in the third quarter compared to the same quarter last year. Demand remains strong for energy efficiency solutions and investments are increasingly steered towards solutions reducing CO2 emissions. At the same time, most geographical markets are seeing a recovery from the COVID-19 crisis and the service business develops in a positive way.

For the largest end market, HVAC\*\* & Refrigeration, order intake increased further from the record level in the last quarter and is well above last year driven by continued demand for heat pumps, semi-conductors, data centers and refrigeration solutions. Investments in the heavy industry sectors such as power and process industry as well as mining were contributing well to order growth in the quarter. The development was strong across all geographical markets and a large part of the growth is coming from increased demand for clean energy and improved energy efficiency. Demand from customers in oil & gas related industries increased somewhat in the quarter, however, from low levels.

Aftermarket grew in the quarter. A positive development was noted across all industries and geographical markets. Sale of spare parts continue to develop well and field service increased as restrictions are lifted, providing increased access to customers sites again.

### Net sales

Net sales grew in the quarter, with a higher share of capital sales in the delivered amounts. The overall positive development was mainly driven by strong performance in new growth areas and light industries.

### Operating income

The operating income increased compared to the third quarter last year, due to a positive volume effect and lower quality costs. The result was burdened by increased raw material costs and a higher share of capital sales. The overhead costs have increased due to an increased activity level after the pandemic. The travel spend is however still low.

#### Order bridge

SEK millions/%	Q3	Jan-Sep
2020	2,716	9,192
Organic <sup>1)</sup>	34.9%	18.9%
Structural <sup>1)</sup>	0.1%	0.0%
Currency	-0.3%	-6.7%
Total	34.7%	12.2%
2021	3,659	10,313

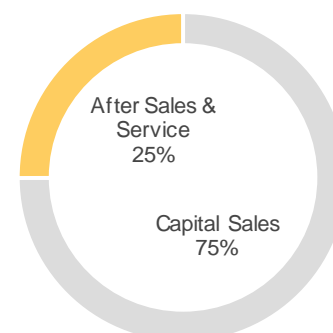
1) Change excluding currency effects.

#### Sales bridge

SEK millions/%	Q3	Jan-Sep
2020	2,922	8,940
Organic <sup>1)</sup>	9.1%	4.5%
Structural <sup>1)</sup>	0.0%	0.1%
Currency	-1.4%	-5.9%
Total	7.7%	-1.3%
2021	3,146	8,827

1) Change excluding currency effects.

#### Order intake Jan-Sep 2021 split on:



#### Income bridge

SEK millions	Q3	Jan-Sep
Operating income 2020	454	1,418
Volume <sup>1)</sup>	96	149
Mix <sup>1)</sup>	-32	-146
Costs <sup>1)</sup>	-41	-69
Currency	2	-36
Operating income 2021	479	1,316

1) Change excluding currency effects.

\* Comments excluding currency effects.

\*\* Heating, Ventilation & Air Conditioning.



# Food & Water Division

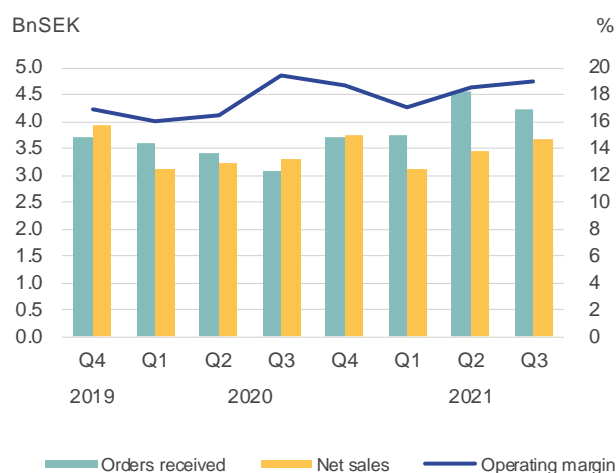
The division offers different types of products for heat transfer, separation and hygienic fluid handling and targets customers in food, pharmaceuticals, biotech, vegetable oils, brewery, dairy and body care products. In addition, the division focuses on public and industrial water treatment as well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

- Continued high order intake.
- Strong demand across all end markets and geographical regions.
- Continued strong growth in biotech.
- Record high order intake in service.

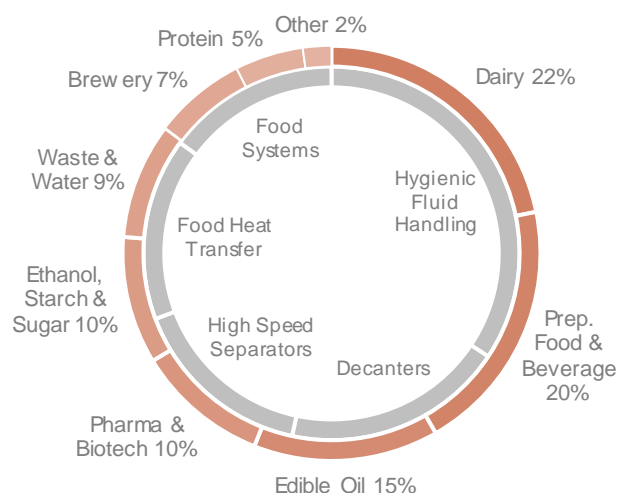
SEK millions	Q3		Jan-Sep		Jan-Dec	Last 12
	2021	2020	2021	2020	2020	months
Orders received	4,241	3,083	12,525	10,091	13,814	16,248
Order backlog*	7,044	5,170	7,044	5,170	5,056	7,044
Net sales	3,678	3,291	10,252	9,650	13,414	14,016
Operating income**	699	638	1,870	1,669	2,371	2,572
Operating margin***	19.0%	19.4%	18.2%	17.3%	17.7%	18.4%
Depreciation and amortisation	93	81	269	271	384	382
Investments****	46	83	213	182	295	326
Assets*	11,172	11,896	11,172	11,896	11,226	11,172
Liabilities*	4,990	5,250	4,990	5,250	5,184	4,990
Number of employees*	6,537	6,235	6,537	6,235	6,215	6,537

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

## Quarterly development



## Order intake Jan-Sep 2021 split per end market/business unit







### Order intake\*

The division delivered a strong order growth compared to the same quarter last year. The positive development was seen in both shorter lead time transactional business, typically sold via channels such as distributors and integrators, as well as for larger orders with more configured components and projects. The investment activity in most end markets is high. Geographically, all regions showed double-digit growth with North America, Latin America and China in the lead.

Vegetable oil grew strongly, not least from a continued high interest in alternative biofuels with orders for biodiesel pre-treatment in several geographical regions. The favourable development in pharma & biotech continued and the high investment activity resulted in good growth across most regions and in particular China. The brewery industry showed clear growth in all geographical regions. The recovery derived from a wide variety of technology investments and replacements, as opposed to large capacity related projects. Ethanol, starch & sugar was boosted by a strong ethanol market, not least in North America. The increased demand is partly driven by higher crude oil prices, making ethanol more attractive as alternative fuel. The order intake waste & water was solid, not least in the important North American market with several municipal infrastructure investments.

Aftermarket demand grew. From an end-market perspective, double digit growth was noted in almost all sectors, except pharma & biotech. All service scopes developed well, with similar growth for repair and service as for parts.

### Net sales

Net sales in the quarter were well above last year. Capital sales grew at a stronger pace than after sales, with the highest increase in pharma & biotech, followed by edible oil. Within capital sales, a slight mix change was noted in that transactional business and components in general increased more than the project business. Geographically, North America and China increased most.

### Operating income

The operating income increased compared to last year, driven by a strong growth in net sales and a higher factory load. The mix between products as well as geographies and a stronger growth in new sales than in after sales generated a negative mix effect. The overhead costs increased and are now approaching the level before COVID-19.

\* Comments excluding currency effects.

#### Order bridge

SEK millions/%	Q3	Jan-Sep
2020	3,083	10,091
Organic <sup>1)</sup>	38.6%	32.5%
Structural <sup>1)</sup>	-0.1%	-0.2%
Currency	-0.9%	-8.2%
Total	37.6%	24.1%
2021	4,241	12,525

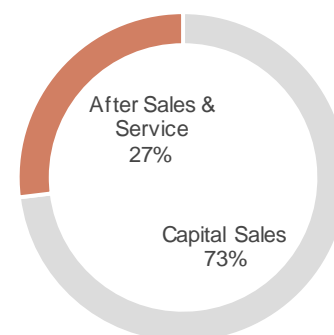
1) Change excluding currency effects.

#### Sales bridge

SEK millions/%	Q3	Jan-Sep
2020	3,291	9,650
Organic <sup>1)</sup>	13.6%	13.3%
Structural <sup>1)</sup>	-0.1%	-0.2%
Currency	-1.7%	-6.9%
Total	11.8%	6.2%
2021	3,678	10,252

1) Change excluding currency effects.

#### Order intake Jan-Sep 2021 split on:



#### Income bridge

SEK millions	Q3	Jan-Sep
Operating income 2020	638	1,669
Volume <sup>1)</sup>	162	470
Mix <sup>1)</sup>	-25	-17
Costs <sup>1)</sup>	-70	-152
Currency	-6	-100
Operating income 2021	699	1,870

1) Change excluding currency effects.

# Marine Division

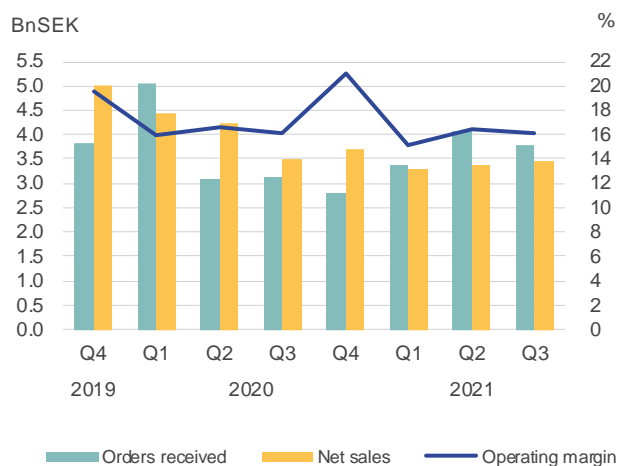
The division's customers include shipowners, shipyards, manufacturers of diesel and gas engines, as well as companies that work with offshore extraction of oil and gas. The offering includes pumping systems, boilers, heat transfer equipment, high speed separators and several different environmental products,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

- Yard contracting continued to improve.
- Good development for environmental solutions.
- Service grew in most areas as restrictions around travelling and onboard access are gradually removed.
- StormGeo is performing according to plan.

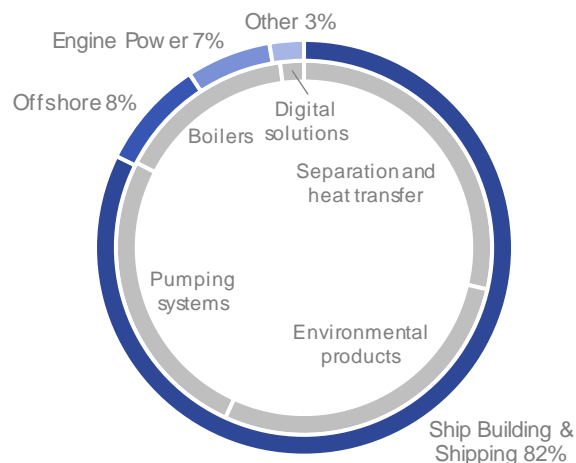
SEK millions	Q3		Jan-Sep		Jan-Dec	Last 12
	2021	2020	2021	2020	2020	months
Orders received	3,780	3,136	11,229	11,278	14,067	14,018
Order backlog*	9,927	10,198	9,927	10,198	9,173	9,927
Net sales	3,451	3,515	10,140	12,183	15,867	13,824
Operating income**	558	570	1,611	1,983	2,758	2,386
Operating margin***	16.2%	16.2%	15.9%	16.3%	17.4%	17.3%
Depreciation and amortisation	221	199	619	612	814	821
Investments****	88	32	143	97	137	183
Assets*	28,283	24,870	28,283	24,870	24,086	28,283
Liabilities*	6,621	7,291	6,621	7,291	6,695	6,621
Number of employees*	4,882	4,558	4,882	4,558	4,489	4,882

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

## Quarterly development



## Order intake Jan-Sep 2021 split per end market/business unit





### Order intake\*

Order intake for the Marine Division grew compared to the same quarter last year. Growth was driven by stronger demand across most product areas and the service business was showing positive development as travel restrictions are gradually removed.

The underlying market sentiment related to the building of new vessels was on a higher level compared to the same period last year with increased shipbuilding activity. Similar to the previous quarter, new contracting was primarily driven by container vessels and bulk carriers. The overall demand for environmental solutions was slightly higher than the same quarter last year. Demand for PureBallast remained on a high level as the regulatory compliance deadline for a majority of the shipowners is drawing closer. Demand for Alfa Laval exhaust gas cleaning systems was mainly related to the building of new vessels. The demand for the newly introduced PureCool system, a solution aiming to reduce methane slip, is growing at a good rate, albeit from a low level. Order intake for offshore decreased in the quarter compared to the same period last year. The underlying market sentiment however continued to improve in the quarter due to an increased oil price.

Order intake for service improved compared to the same quarter last year due to the addition of StormGeo and a higher activity level in both shipping and offshore. Reduced travel restrictions allowed for increased on-board maintenance with a consequently higher demand for spares and service.

### Net sales

Net sales were at a similar level as the third quarter last year. The lower invoicing in boilers and exhaust gas cleaning systems was partly compensated by the addition of StormGeo and a positive development in many of the other product areas.

### Operating income

The operating income was slightly lower in the third quarter compared to the same quarter last year. Net sales were on a similar level as last year, but with a more favourable mix. The cost level was higher than last year due to the inclusion of a full quarter of StormGeo and increased overhead cost.

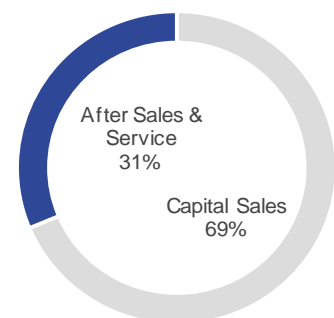
SEK millions/%	Order bridge	
	Q3	Jan-Sep
2020	3,136	11,278
Organic <sup>1)</sup>	15.5%	2.5%
Structural <sup>1)</sup>	5.7%	2.2%
Currency	-0.7%	-5.1%
Total	20.5%	-0.4%
2021	3,780	11,229

1) Change excluding currency effects.

SEK millions/%	Sales bridge	
	Q3	Jan-Sep
2020	3,515	12,183
Organic <sup>1)</sup>	-5.7%	-14.6%
Structural <sup>1)</sup>	5.1%	2.0%
Currency	-1.2%	-4.2%
Total	-1.8%	-16.8%
2021	3,451	10,140

1) Change excluding currency effects.

### Order intake Jan-Sep 2021 split on:



SEK millions	Income bridge	
	Q3	Jan-Sep
Operating income 2020	570	1,983
Volume <sup>1)</sup>	-6	-486
Mix <sup>1)</sup>	136	264
Costs <sup>1)</sup>	-142	-115
Currency	0	-35
Operating income 2021	558	1,611

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.

	Q3		Jan-Sep		Jan-Dec	Last 12
SEK millions	2021	2020	2021	2020	2020	months
Orders received	0	0	0	0	0	0
Order backlog*	0	0	0	0	0	0
Net sales	0	0	0	0	0	0
Operating income**	-99	-174	-300	-474	-629	-455
Depreciation and amortisation	91	81	265	243	339	361
Investments***	65	128	155	276	448	327
Assets*	1,479	1,449	1,479	1,449	1,276	1,479
Liabilities*	720	619	720	619	522	720
Number of employees*	1,124	1,015	1,124	1,015	1,069	1,124

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

The improved operating income in 2021 is mainly due to the COVID-19 cost reduction program and reduced one-off costs.

### Large orders (>EUR 5 million) in the third quarter

Division		Delivery	Order	Total per Business Unit	
Business Unit		date	amount	Q3 2021	Q3 2020
Scope of supply			SEK millions		
Energy					
Welded Heat Exchangers					
Compabloc heat exchangers for a natural gas treatment plant in the Middle East.	2022	75	75	205	
Food & Water					
Decanters					
Decanters to a municipal wastewater treatment plant in San Diego, the U.S.	2024	91	91	-	
Marine					
Pumping Systems					
Framo pumping systems for FPSO* vessel.	2022	81			
Framo pumping systems for FPSO* vessel.	2022	128	209	430	
Total				375	635

\* Floating Production, Storage and Offloading.

### Reconciliation between Divisions and Group total

	Q3		Jan-Sep		Jan-Dec	Last 12
SEK millions	2021	2020	2021	2020	2020	months
<b>Operating income</b>						
Total for divisions	1,637	1,488	4,497	4,596	6,382	6,283
Comparison distortion items	-	-63	-192	-63	-796	-925
Consolidation adjustments *	18	13	34	13	-6	15
Total operating income	1,655	1,438	4,339	4,546	5,580	5,373
Financial net	-88	-56	-58	-493	-603	-168
Result after financial items	1,567	1,382	4,281	4,053	4,977	5,205
<b>Assets **</b>						
Total for divisions	53,962	52,322	53,962	52,322	49,314	53,962
Corporate ***	9,488	11,632	9,488	11,632	11,546	9,488
Group total	63,450	63,954	63,450	63,954	60,860	63,450
<b>Liabilities **</b>						
Total for divisions	17,762	18,908	17,762	18,908	17,975	17,762
Corporate ***	15,508	16,194	15,508	16,194	13,814	15,508
Group total	33,270	35,102	33,270	35,102	31,789	33,270

\* 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.



## Information about products and services

### Net sales by product/service \*

SEK millions	Q3		Jan-Sep		Jan-Dec	Last 12 months
	2021	2020	2021	2020	2020	
Own products within:						
Separation	1,743	1,614	5,033	5,022	7,116	7,127
Heat transfer	4,102	4,076	11,685	12,193	16,439	15,931
Fluid handling	2,383	2,097	6,747	6,865	9,156	9,038
Marine environmental	997	1,138	3,038	4,141	5,170	4,067
Other	0	1	0	1	1	0
Associated products	331	317	943	970	1,338	1,311
Services	719	485	1,773	1,581	2,248	2,440
<b>Total</b>	<b>10,275</b>	<b>9,728</b>	<b>29,219</b>	<b>30,773</b>	<b>41,468</b>	<b>39,914</b>

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

### New products during the third quarter

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

#### Pharma-line Point of Use water cooler

Joining the company's broad biotech and pharmaceutical portfolio is the new Alfa Laval Pharma-line Point of Use cooler. This compact, plug-and-play tubular heat exchanger module cools hot water for injection and purified water in pharmaceutical water distribution systems. Superior hygienic design minimizes the risk of contamination. Counter-current flow in combination with spiral coils in the tube promote high heat transfer efficiency. Fast response due to low holdup volumes ensure the availability of cold water within seconds, minimizing waste. Manufactured in line with the ASME BPE standard, the cooler is a performance and quality upgrade to the Pharma-X heat exchanger module. It is supplied as a complete, easy-to-install insulated module with the Alfa Laval Q-doc documentation package for full supply chain transparency.

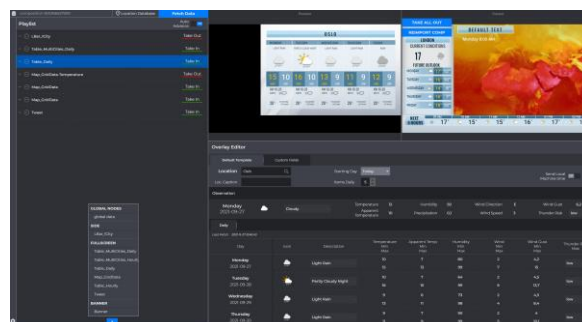


#### StormGeo ETA Calculator

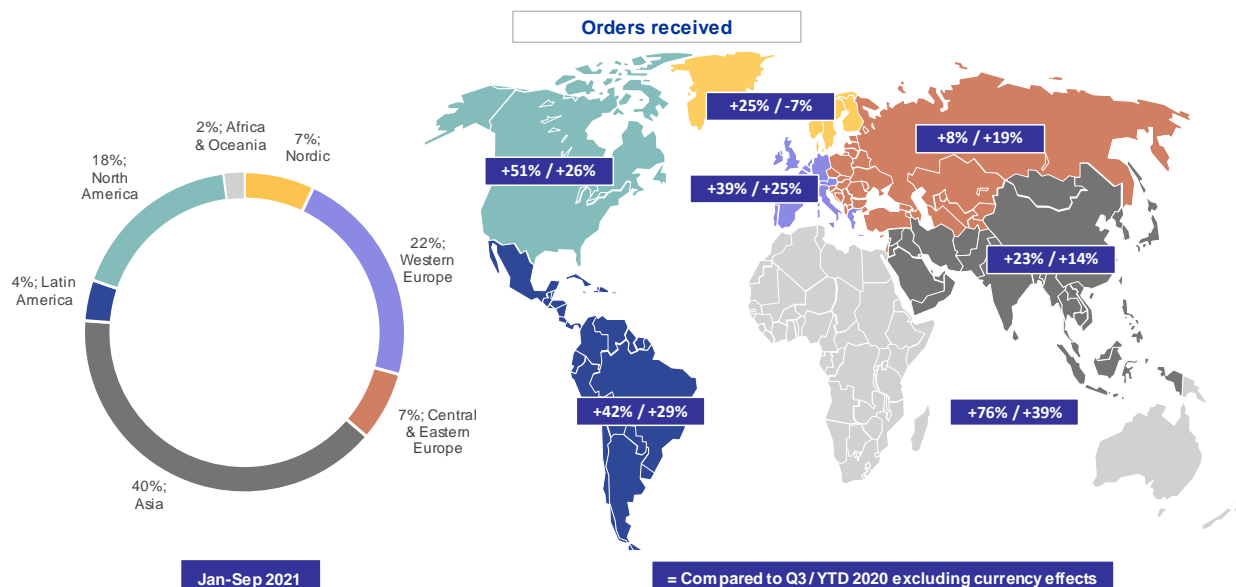
StormGeo's ETA (Estimated Time of Arrival) Calculator allows shippers to make quick decisions on a vessel's sailing orders and upcoming port call. It takes the vessel performance and weather forecast into account for the remainder of a sea passage.

#### StormGeo Studio

StormGeo Studio provides a low-cost and flexible solution for media outlets to create custom weather content. Developed with award-winning Singular.Live technology, the platform is cloud and subscription based to give customers scalability.



## Information by region



### Western Europe including Nordic

Order intake in the region showed a strong increase compared to the same quarter last year, experiencing a high demand in edible oil, brewery, petrochemicals, HVAC, refrigeration and shipping. Service order intake grew.

### Central and Eastern Europe

The region showed growth in all three divisions, driven by high demand in pharmaceuticals & biotech, dairy, petrochemicals, HVAC and offshore. Service order intake grew.

### North America

Order intake in North America showed a strong growth compared to the same quarter last year, explained by a high demand on the major end markets such as waste & water, ethanol, starch & sugar, oil & gas, power, shipping and engine power. Service order intake grew in the three divisions.

### Latin America

The region reported a strong order growth compared to same period last year, explained by a high demand in the three divisions driven by edible oil, prepared food and beverage, oil & gas and offshore. Order intake increased for service in the three divisions.

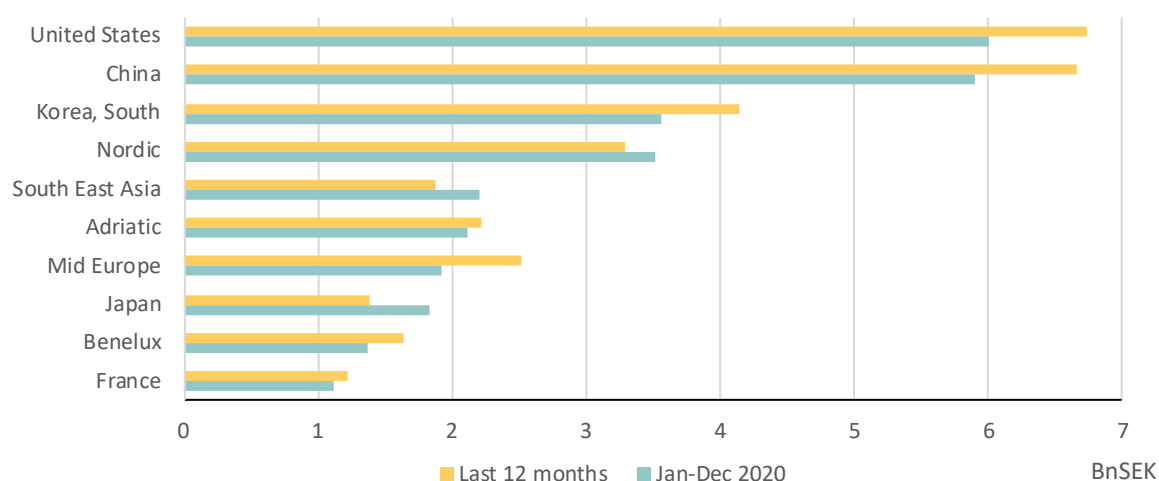
### Asia

The region had a strong order growth compared to the same quarter last year, with high demand and double-digit growth in all three divisions. Demand was particularly high in protein, ethanol, starch and sugar, edible oil, oil & gas, HVAC and shipping. Service order intake grew.

### Africa and Oceania

The region reported a strong growth in order intake compared to the same quarter last year, explained by a high demand in all three divisions in ethanol, starch and sugar, brewery, inorganic chemicals, shipping and pumping systems. Service order intake grew.

## Order intake for the 10 largest markets



## Net sales

SEK millions	Q3		Jan-Sep		Jan-Dec	Last 12
	2021	2020	2021	2020	2020	months
To customers in:						
Sweden	297	248	824	736	989	1,077
Other EU	2,410	2,741	7,041	8,305	11,205	9,941
Other Europe	1,117	708	2,904	2,381	3,247	3,770
USA	1,636	1,320	4,386	4,460	5,923	5,849
Other North America	180	182	550	753	946	743
Latin America	421	384	1,125	1,187	1,630	1,568
Africa	96	92	349	286	418	481
China	1,718	1,553	4,948	4,401	6,180	6,727
South Korea	814	717	2,258	2,710	3,456	3,004
Other Asia	1,469	1,652	4,460	5,207	6,984	6,237
Oceania	117	131	374	347	490	517
Total	10,275	9,728	29,219	30,773	41,468	39,914

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	Sep 30		Dec 31
	2021	2020	2020
Sweden	2,179	2,227	2,344
Denmark	4,766	5,006	4,806
Other EU	3,839	4,163	4,046
Norway	15,150	11,186	11,172
Other Europe	364	123	117
USA	3,568	4,056	3,343
Other North America	134	134	130
Latin America	265	204	202
Africa	8	8	9
Asia	3,642	3,561	3,523
Oceania	105	121	110
Subtotal	34,020	30,789	29,802
Other long-term securities	1,804	167	1,575
Pension assets	96	80	70
Deferred tax asset	1,730	1,623	1,791
Total	37,650	32,659	33,238

## 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
	2021	2020	2021	2020	2020	months
<b>Operating activities</b>						
Operating income	1,655	1,438	4,339	4,546	5,580	5,373
Adjustment for depreciation, amortisation and write down	520	465	1,472	1,453	2,349	2,368
Adjustment for other non-cash items	-17	71	151	74	397	474
	2,158	1,974	5,962	6,073	8,326	8,215
Taxes paid	-97	-439	-1,281	-1,292	-1,537	-1,526
	2,061	1,535	4,681	4,781	6,789	6,689
Changes in working capital:						
Increase(-)/decrease(+) of receivables	-271	449	-556	1,406	1,409	-553
Increase(-)/decrease(+) of inventories	-243	145	-955	-635	126	-194
Increase(+)/decrease(-) of liabilities	-28	-754	632	-263	-580	315
Increase(+)/decrease(-) of provisions	-50	-119	51	-230	-21	260
<b>Increase(-)/decrease(+) in working capital</b>	<b>-592</b>	<b>-279</b>	<b>-828</b>	<b>278</b>	<b>934</b>	<b>-172</b>
	1,469	1,256	3,853	5,059	7,723	6,517
<b>Investing activities</b>						
Investments in fixed assets (Capex)	-317	-377	-755	-776	-1,232	-1,211
Divestment of fixed assets	6	1	24	93	119	50
Acquisition of businesses	-14	-10	-3,615	-18	-70	-3,667
Divestment of businesses	-	86	8	125	125	8
	-325	-300	-4,338	-576	-1,058	-4,820
<b>Financing activities</b>						
Received interests and dividends	9	16	60	63	76	73
Paid interests	-99	-106	-186	-219	-260	-227
Realised financial exchange gains	-53	44	178	89	92	181
Realised financial exchange losses	-3	-48	-111	-400	-524	-235
Repurchase of shares	-510	-	-840	-	-	-840
Dividends to owners of the parent	-	-	-2,307	-	-	-2,307
Dividends to non-controlling interests	0	0	-2	0	0	-2
Increase(-) of financial assets	54	1,091	-96	-2,264	-3,460	-1,292
Decrease(+) of financial assets	54	0	2,338	0	0	2,338
Increase of loans	0	0	1,000	2,000	2,000	1,000
Amortisation of loans	-751	233	-1,783	-2,433	-4,841	-4,191
	-1,299	1,230	-1,749	-3,164	-6,917	-5,502
<b>Cash flow for the period</b>	<b>-155</b>	<b>2,186</b>	<b>-2,234</b>	<b>1,319</b>	<b>-252</b>	<b>-3,805</b>
Cash and cash equivalents at the beginning of the period	3,100	4,647	5,150	5,594	5,594	6,796
Translation difference in cash and cash equivalents	7	-37	36	-117	-192	-39
<b>Cash and cash equivalents at the end of the period</b>	<b>2,952</b>	<b>6,796</b>	<b>2,952</b>	<b>6,796</b>	<b>5,150</b>	<b>2,952</b>
Free cash flow per share (SEK) *	2.74	2.28	-1.16	10.69	15.89	4.05
Capex in relation to net sales	3.1%	3.9%	2.6%	2.5%	3.0%	3.0%
Average number of shares	417,559,472	419,456,315	418,678,210	419,456,315	419,456,315	418,872,736

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



## Consolidated comprehensive income

SEK millions	Q3		Jan-Sep		Jan-Dec	Last 12
	2021	2020	2021	2020	2020	months
Net sales	10,275	9,728	29,219	30,773	41,468	39,914
Cost of goods sold	-6,639	-6,430	-18,744	-20,229	-27,210	-25,725
Gross profit	3,636	3,298	10,475	10,544	14,258	14,189
Sales costs	-1,159	-951	-3,288	-3,110	-4,125	-4,303
Administration costs	-442	-417	-1,382	-1,376	-1,834	-1,840
Research and development costs	-251	-223	-808	-760	-1,039	-1,087
Other operating income	193	173	544	497	819	866
Other operating costs	-348	-452	-1,266	-1,278	-2,521	-2,509
Share of result in joint ventures	26	10	64	29	22	57
Operating income	1,655	1,438	4,339	4,546	5,580	5,373
Dividends and other financial income and costs	1	11	34	28	26	32
Interest income and financial exchange rate gains	-42	15	243	117	220	346
Interest expense and financial exchange rate losses	-47	-82	-335	-638	-849	-546
Result after financial items	1,567	1,382	4,281	4,053	4,977	5,205
Taxes	-341	-344	-958	-1,037	-1,397	-1,318
<b>Net income for the period</b>	<b>1,226</b>	<b>1,038</b>	<b>3,323</b>	<b>3,016</b>	<b>3,580</b>	<b>3,887</b>
Other comprehensive income:						
Items that will subsequently be reclassified to net income						
Cash flow hedges	-239	276	-394	79	744	271
Translation difference	292	-483	995	-1,914	-2,454	455
Deferred tax on other comprehensive income	45	0	55	81	-76	-102
Sum	98	-207	656	-1,754	-1,786	624
Items that will subsequently not be reclassified to net income						
Revaluations of defined benefit obligations	50	-66	150	-216	-432	-66
Market valuation of external shares	-26	0	152	0	-125	27
Deferred tax on other comprehensive income	-13	20	-39	59	87	-11
Sum	11	-46	263	-157	-470	-50
<b>Comprehensive income for the period</b>	<b>1,335</b>	<b>785</b>	<b>4,242</b>	<b>1,105</b>	<b>1,324</b>	<b>4,461</b>
<b>Net income attributable to:</b>						
Owners of the parent	1,217	1,031	3,297	2,996	3,553	3,854
Non-controlling interests	9	7	26	20	27	33
Earnings per share (SEK)	2.91	2.46	7.87	7.14	8.47	9.20
Average number of shares	417,559,472	419,456,315	418,678,210	419,456,315	419,456,315	418,872,736
<b>Comprehensive income attributable to:</b>						
Owners of the parent	1,320	778	4,202	1,088	1,308	4,422
Non-controlling interests	15	7	40	17	16	39

## Consolidated financial position

SEK millions	Sep 30		Dec 31
	2021	2020	2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	25,366	22,208	21,284
Property, plant and equipment	8,605	8,516	8,321
Other non-current assets	3,679	1,935	3,633
	37,650	32,659	33,238
<b>Current assets</b>			
Inventories	10,224	10,146	9,223
Assets held for sale	52	-	55
Accounts receivable	6,541	6,283	5,834
Other receivables	5,312	4,828	4,153
Derivative assets	417	228	589
Other current deposits	302	3,014	2,618
Cash and cash equivalents *	2,952	6,796	5,150
	25,800	31,295	27,622
<b>TOTAL ASSETS</b>	<b>63,450</b>	<b>63,954</b>	<b>60,860</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Owners of the parent	29,963	28,688	28,908
Non-controlling interests	217	164	163
	30,180	28,852	29,071
<b>Non-current liabilities</b>			
Liabilities to credit institutions etc.	3,036	10,390	8,043
Lease liabilities	1,764	1,851	1,573
Provisions for pensions and similar commitments	2,410	2,409	2,494
Provision for deferred tax	1,533	1,282	1,553
Other non-current liabilities	578	568	686
	9,321	16,500	14,349
<b>Current liabilities</b>			
Liabilities to credit institutions etc.	5,784	1,277	1,125
Accounts payable	2,923	2,734	2,758
Advances from customers	5,162	4,779	4,381
Other provisions	2,056	1,737	1,757
Other liabilities	7,871	7,778	7,311
Derivative liabilities	153	297	108
	23,949	18,602	17,440
Total liabilities	33,270	35,102	31,789
<b>TOTAL SHAREHOLDERS' EQUITY &amp; LIABILITIES</b>	<b>63,450</b>	<b>63,954</b>	<b>60,860</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
		2021	2020	2020
<b>Financial assets</b>				
Other non-current securities	1 and 2	1,700	75	1,490
Bonds and other securities	1	114	1,105	1,447
Derivative assets	2	466	293	785
<b>Financial liabilities</b>				
Derivative liabilities	2	198	340	113

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
	2021	2020	2020
Credit institutions	167	227	120
Swedish Export Credit	-	1,052	1,008
SEB and Nordea	-	1,998	-
Commercial papers	500	-	-
Corporate bonds	8,153	8,390	8,040
Lease liabilities	2,328	2,394	2,235
Total debt	11,148	14,061	11,403
Cash and cash equivalents and current deposits	-3,254	-9,810	-7,768
Net debt *	7,894	4,251	3,635

\* Alternative performance measure.

Alfa Laval has a revolving credit facility of EUR 700 million corresponding to SEK 7,151 million on September 30, 2021 with a banking syndicate. The facility has a maturity of five years 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 September 30, 2021. Out of the commercial paper programme of SEK 2,000 million, SEK 500 million was utilised on September 30, 2021.

The corporate bonds are listed on the Irish stock exchange and consist of one tranche of EUR 500 million that matures in September 2022 and one tranche of EUR 300 million that matures in June 2024. The bilateral term loan of EUR 100 million from Swedish Export Credit matured on June 14, 2021 and has been repaid.

## Changes in consolidated equity

SEK millions	Jan-Sep		Jan-Dec
	2021	2020	2020
At the beginning of the period	29,071	27,747	27,747
<b>Changes attributable to:</b>			
<b>Owners of the parent</b>			
<b>Comprehensive income</b>			
Comprehensive income for the period	4,202	1,088	1,308
<b>Transactions with shareholders</b>			
Repurchase of shares	-840	-	-
Dividends	-2,307	-	-
	-3,147	-	-
<b>Subtotal</b>	1,055	1,088	1,308
<b>Non-controlling interests</b>			
<b>Comprehensive income</b>			
Comprehensive income for the period	40	17	16
<b>Transactions with shareholders</b>			
Non-controlling interests in acquired companies	16	-	-
Dividends	-2	0	0
	14	-	-
<b>Subtotal</b>	54	17	16
At the end of the period	30,180	28,852	29,071

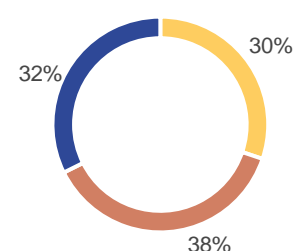
## Condensed segment reporting per quarter



### Orders received

SEK millions	2021			2020				2019
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Energy	3,659	3,553	3,101	2,760	2,716	3,279	3,197	3,594
Food & Water	4,241	4,554	3,730	3,723	3,083	3,396	3,612	3,720
Marine	3,780	4,076	3,373	2,789	3,136	3,074	5,068	3,840
Greenhouse	-	-	-	-	-	-	-	-8
Operations & Other	0	0	0	0	0	0	0	7
Total	11,680	12,183	10,204	9,272	8,935	9,749	11,877	11,153

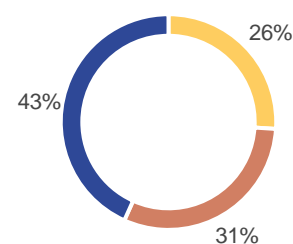
### Last 12 months



### Order backlog

SEK millions	2021			2020				2019
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Energy	5,969	5,436	5,006	4,740	5,301	5,631	5,397	5,214
Food & Water	7,044	6,458	5,363	5,056	5,170	5,491	5,405	4,894
Marine	9,927	9,586	8,891	9,173	10,198	10,751	12,058	11,443
Greenhouse	-	-	-	-	-	-	-	0
Operations & Other	0	0	0	0	0	0	0	0
Total	22,940	21,480	19,260	18,969	20,669	21,873	22,860	21,551

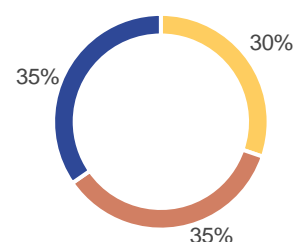
### September 30, 2021



### Net sales

SEK millions	2021			2020				2019
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Energy	3,146	3,123	2,558	3,247	2,922	2,979	3,039	3,961
Food & Water	3,678	3,458	3,116	3,764	3,291	3,241	3,118	3,938
Marine	3,451	3,394	3,295	3,684	3,515	4,235	4,433	5,017
Greenhouse	-	-	-	-	-	-	-	31
Operations & Other	0	0	0	0	0	0	0	17
Total	10,275	9,975	8,969	10,695	9,728	10,455	10,590	12,964

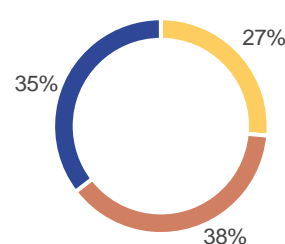
### Last 12 months



### Operating income\*

SEK millions	2021			2020				2019
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Energy	479	481	356	464	454	476	488	593
Food & Water	699	641	530	702	638	533	498	664
Marine	558	556	497	775	570	705	708	985
Greenhouse	-	-	-	-	-	-	-	7
Operations & Other	-99	-121	-80	-155	-174	-141	-159	-247
Total	1,637	1,557	1,303	1,786	1,488	1,573	1,535	2,002

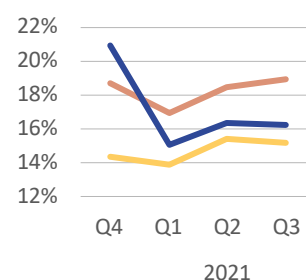
### Last 12 months



### Operating margin\*

%	2021			2020				2019
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Energy	15.2	15.4	13.9	14.3	15.5	16.0	16.1	15.0
Food & Water	19.0	18.5	17.0	18.7	19.4	16.4	16.0	16.9
Marine	16.2	16.4	15.1	21.0	16.2	16.6	16.0	19.6
Greenhouse	-	-	-	-	-	-	-	22.6
Total	15.9	15.6	14.5	16.7	15.3	15.0	14.5	15.4

### Per quarter



\* In management accounts, see reconciliation on page 12.



## Parent company

The parent company's result after financial items for the first nine months 2021 was SEK 671 (410) million, out of which dividends from subsidiaries SEK 682 (413) million, net interests SEK - (-0) million, realised and unrealised exchange rate gains and losses SEK 0 (0) million, costs related to the listing SEK -4 (-4) million, fees to the Board SEK -7 (-6) million, cost for annual report and annual general meeting SEK -1 (-1) million and other operating income and operating costs the remaining SEK 1 (8) million.

### Parent company income \*

SEK millions	Q3		Jan-Sep		Jan-Dec
	2021	2020	2021	2020	2020
Administration costs	-3	-2	-12	-11	-14
Other operating income	0	5	1	8	5
Other operating costs	0	0	0	0	0
Operating income	-3	3	-11	-3	-9
Revenues from interests in group companies	-	-	682	413	413
Interest income and similar result items	0	0	0	1	0
Interest expenses and similar result items	-	0	0	-1	0
Result after financial items	-3	3	671	410	404
Change of tax allocation reserve	-	-	-	-	205
Group contributions	-	-	-	-	79
Result before tax	-3	3	671	410	688
Tax on this year's result	0	0	2	1	-64
Net income for the period	-3	3	673	411	624

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

### Parent company financial position

SEK millions	Sep 30		Dec 31
	2021	2020	2020
<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	7,890	10,494	10,704
Other receivables	280	193	3
Cash and cash equivalents	59	-	-
	8,229	10,687	10,707
<b>TOTAL ASSETS</b>	12,898	15,356	15,376
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Restricted equity	2,387	2,387	2,387
Unrestricted equity	8,044	10,304	10,518
	10,431	12,691	12,905
<b>Untaxed reserves</b>			
Tax allocation reserves, taxation 2015-2021	2,447	2,652	2,447
<b>Current liabilities</b>			
Liabilities to group companies	20	12	15
Accounts payable	-	-	3
Tax liabilities	-	-	3
Other liabilities	-	1	3
	20	13	24
<b>TOTAL EQUITY AND LIABILITIES</b>	12,898	15,356	15,376

## Owners and shares

### Owners and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 43,274 (43,980) shareholders on September 30, 2021. 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 8.3 to 1.7 percent. These ten largest shareholders owned 60.2 (50.5) percent of the shares.

### Share buy-back program

The Annual General Meeting 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. 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.

#### Specification of repurchase of shares

	2021		Total
	Second quarter	Third quarter	
Number of repurchased shares	1,153,000	1,500,320	2,653,320
Percentage of outstanding shares	0.27%	0.36%	0.63%
Cash-out and decrease in parent company and consolidated equity (SEK millions)	330	510	840

### Nomination Committee for the Annual General Meeting 2022

The Nomination Committee for the Annual General Meeting 2022 has now been appointed by the largest shareholders of Alfa Laval AB and consists of the following members:

Finn Rausing (Chairman of the Committee, Tetra Laval),  
Anna Magnusson (Alecta Pensionsförsäkring),  
Lennart Francke (Swedbank Robur Fonder),  
Anders Oscarsson (AMF-försäkring och Fonder) and  
Tommi Saukkoriipi (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 at Scandic Star Lund, Glimmervägen 5, Lund, Sweden, on Tuesday April 26, 2022, 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

On June 1, 2021 Alfa Laval completed the acquisition of StormGeo, a global leader in weather intelligence and advanced data science solutions. The acquisition is part of Alfa Laval's strategy to support the marine industry's efforts to make operations more efficient and will also enhance Alfa Laval's knowledge within digital services. The purchase price is fully financed via cash. The acquisition is neutral to Alfa Laval's EBITA margin and earnings per share.

StormGeo, headquartered in Bergen, Norway, employs 519 people in 15 countries and provides solutions and services for weather-sensitive operations, primarily in the marine industry, off-shore and other weather-dependent industries. The company's weather information services help customers mitigate risk, improve safety and make sustainable choices on routes and operations. StormGeo was founded in 1997 and has since 2014 been under the ownership of EQT, DNV GL and a group of employees. Total sales in 2020 amounted to NOK 714 million (SEK 699 million). StormGeo will become a part of the Alfa Laval Marine Division.

"The acquisition of StormGeo will be a strong addition to our toolbox of solutions that help our customers address the decarbonization challenge in the industry. Furthermore, StormGeo fits excellently to our digital acceleration ambition, and we will use their digital and customer experience to level up our offerings and to get deeper experience in the digital space," says Tom Erixon, President and CEO of Alfa Laval.

## Acquisitions 2021

SEK millions	StormGeo		
	Book value	Adjustment to fair value	Fair value
Property, plant and equipment	19	-	19
Right of use assets	34	-	34
Patents and unpatented know-how <sup>(1)</sup>	38	1,399	1,437
Capitalised development costs	184	-	184
Inventory	4	-	4
Accounts receivable	98	-	98
Other receivables	55	-	55
Liquid assets	105	-	105
Provisions for pensions and similar commitments	-10	-	-10
Loans	-655	-	-655
Lease liability	-38	-	-38
Accounts payable	-13	-	-13
Other liabilities	-96	-	-96
Tax liabilities	-5	-	-5
Deferred tax	-13	-308	-321
Acquired net assets	-293	1,091	798
Goodwill <sup>(2)</sup>			2,218
Purchase price			-3,016
Costs directly linked to the acquisitions <sup>(3)</sup>			-22
Liquid assets in the acquired businesses			105
Overtaken bank loans			-655
Other minor acquisitions current year			-13
Payment of amounts retained in prior years			-14
Effect on the Group's liquid assets			-3,615

1) The step up value for patents and un-patented know-how is amortised over 10 years.

2) The goodwill is relating to estimated synergies in procurement, logistics and corporate overheads and the companies' ability to over time recreate its intangible assets. The value of the goodwill is still preliminary.

3) Refers to fees to lawyers, due diligence and assisting counsel. Has been expensed as other operating costs.

StormGeo has acquired two small companies in Brazil on September 1, 2021.

A smaller operation, WCR Benelux BV in the Netherlands, was acquired on July 1, 2020.

The operations and net assets of DSO Fluid Handling Inc in the U.S. were divested on August 28, 2020.

## Investments in joint ventures and other companies

On February 18, 2021 Alfa Laval announced that it has become a partner in an innovation project to develop pumping technology for more sustainable fish farming together with the joint venture partner the Norwegian fish farming company Lingalaks, by acquiring a 50 percent share in the joint venture Stadion Laks AS in Norway for SEK 4 million.

On February 25, 2021 Alfa Laval announced that it is part of the next phase of development for a sustainable energy storage solution by participating in the new issue of shares in Malta Inc with SEK 81 million, which has increased the ownership to 20.5 percent. Malta Inc is developing a completely new energy storage solution that will facilitate the shift towards renewable energy.

On March 15, 2021 Alfa Laval became a partner in the Power-to-X consortium by acquiring 2.9 percent of the shares in the Swedish company Liquid Wind for SEK 4 million. The company develops electro-fuel facilities to produce renewable clean fuels.

On June 29, 2021 Alfa Laval announced that the company together with Wallenius will form a 50/50 joint venture - AlfaWall Oceanbird - to supply innovative wind propulsion solutions for cargo vessels and other ship types.

On July 8, 2021 Alfa Laval acquired a minority stake in the Netherlands-based technology company Marine Performance Systems. Its innovative air lubrication technology significantly reduces ships' friction when sailing, resulting in fuel savings. The patented solution can be installed on vessels of any size or fuel type and is also suitable for retrofit.

## 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 2020 is still correct.

When it comes to the global material and freight constraints that have emerged during 2021, the following can be highlighted. Alfa Laval has a global footprint with 39 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 during 2021 experienced shortages of sourced semiconductors for control panels.

### 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 and reduced spread of infection Alfa Laval has been able to step by step open up the offices again after the pandemic depending on the situation in each country.

### Asbestos-related lawsuits

The Alfa Laval Group was as of September 30, 2021 named as a co-defendant in a total of 582 asbestos-related lawsuits with a total of approximately 582 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 for changing market fundamentals

The restructuring program is mainly addressing structural imbalances in specific parts of the oil & gas business as well as parts of the Marine business. In addition, the program will further drive the competence shift required in light of the accelerated pace of digitalization. The program includes write down of goodwill with SEK 360 million concerning oil & gas related businesses. The total restructuring cost including write down of goodwill is SEK 945 million, out of which SEK 741 was charged in the fourth quarter 2020 and the remaining SEK 204 was charged in the second quarter 2021. Approximately 600 employees mainly in Europe and North America are affected by the program. The program will generate annual savings of around SEK 300 million, with full effect expected from mid-2022.

### Accounting principles

The interim report for the third quarter 2021 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 2020 for definitions. Alfa Laval follows the Guidelines on Alternative Performance Measures issued by ESMA (European Securities and Markets Authority).

"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, 2020 to September 30, 2021. "The corresponding period last year" refers to the third quarter 2020 or the first nine months 2020 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 and 5.

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.

### Events after the closing date

In a press release on October 4, 2021, Alfa Laval announced that the company effective from October 1 has acquired the Norwegian system manufacturer LiftUP. LiftUP is a market leader in removing waste from fish farms to reduce their impact on the marine environment. The acquisition is part of Alfa Laval's strategy of building up an attractive aquaculture product portfolio and creating an expanded and sustainable growth platform for the future. Founded in 1991, LiftUP is a world leading supplier of waste extraction systems for fish farms. Its technology can remove up to 70 percent of the sludge from open cages. The LiftUP system is a complement to the Alfa Laval Framo pumping system AquaStream, which brings up fresh low temperature water with high oxygen levels (from around 25 m depth) and creates a perfect sea current – thereby providing conditions similar to the deep fjords, creating an optimal environment for the fish. The acquired company had revenues of 75 MNOK (2020) with good profitability. It will now be part of the business unit Pumping Systems in the Marine Division.

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The interim report has been issued at CET 7.30 on October 26, 2021 by the President and Chief Executive Officer Tom Erixon by proxy from the Board of Directors.

Lund, October 26, 2021,

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, 2021 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 26, 2021,

**Staffan Landén**

Authorised Public Accountant

**Karoline Tedevall**

Authorised Public Accountant



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### Date for the next financial reports

Alfa Laval will publish financial reports at the following dates:

Fourth quarter and full year 2021 report	February 2, 2022
Interim report for the first quarter 2022	April 26, 2022
Interim report for the second quarter 2022	July 20, 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 7.30 on October 26, 2021.

