



Annual General Meeting in Alfa Laval AB (publ)

The shareholders in Alfa Laval AB (publ) (Reg. No. 556587-8054) are hereby given notice to attend the Annual General Meeting held on Wednesday 24 April 2019 at 4.00 p.m. CET at Scandic Star Lund, Gastelyckan, Glimmervägen 5, Lund, Sweden. Registration for the meeting begins at 3.30 p.m. CET. After the meeting, refreshments will be served.

Program for shareholders

In connection with the meeting, there will be an opportunity to view the production of plate heat exchangers at the facility in Lund. The tour begins with a gathering at Scandic Star Lund, not later than 1.30 p.m. Buses will then transport the visitors to the production facility and afterwards back to the premises at which the meeting will be held.

The number of visitors on the tour is limited, and a notification of participation in the tour shall be made in connection with the notification of participation in the Annual General Meeting.

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| 1.30 p.m. | The buses depart from Scandic Star Lund to the Alfa Laval production facility in Lund |
| 3.00 p.m. | Coffee is served adjacent to the premises at which the meeting is held |
| 3.30 p.m. | Registration for the Annual General Meeting begins |
| 4.00 p.m. | The Annual General Meeting is opened |

Right to participate

- A shareholder who wishes to participate in the meeting and have the right to vote shall be registered in the share register maintained by Euroclear Sweden AB on Tuesday 16 April 2019, and
- notify its participation to Alfa Laval AB – together with any advisors (though not more than two) – not later than on Tuesday 16 April 2019, preferably before 12.00 noon.

In addition, a shareholder whose shares are nominee-registered must temporarily have its shares registered in its own name in the share register maintained by Euroclear Sweden AB in order to be entitled to participate in the meeting. Such temporary ownership registration shall be executed by Tuesday 16 April 2019. This means that the shareholder must notify the nominee in ample time prior to that date.

Notification

Notification to participate in the meeting can be made

- by mail: Alfa Laval AB, Juridik, P.O. Box 73, SE-221 00 Lund, Sweden,
- by e-mail: arsstamma.lund@alfalaval.com,
- on the website: www.alfalaval.com/investors, or
- by telephone +46 46 36 74 00 or +46 46 36 65 00.

The notification shall include name, personal or corporate ID number, address and telephone number as well as information of any advisors (though not more than two). The notification shall also include any wish to participate in the tour of the production facility. A proxy for a shareholder shall, at the Annual General Meeting at the latest, present the original copy of a dated proxy form in writing. The proxy form may at the time of the meeting not be older than one year, if not the limitation stated in the proxy is longer (not more than five years). A proxy form can be obtained from Alfa Laval AB, Juridik, P.O. Box 73, SE-221 00 Lund, Sweden and is also available at the Company's website, www.alfalaval.com/investors/corporate-governance/. In addition, a proxy or a representative of a legal entity shall submit a certificate of registration no later than at the Annual General Meeting. To facilitate the registration, the proxy form and, if applicable, the certificate of registration shall be sent (although not electronically) to Alfa Laval AB in connection with the notification. Alfa Laval AB will, on 17 April 2019 at the earliest, dispatch an entrance card to be produced at the registration as a confirmation of the notification.

Proposed agenda

1. Opening of the meeting.
2. Election of a Chairman for the meeting.
3. Preparation and approval of the voting register.
4. Approval of the agenda for the meeting.
5. Election of one or two persons to attest the minutes.
6. Determination whether the meeting has been duly convened.
7. Statement by the Managing Director.
8. Report on the work of the Board of Directors and the Committees of the Board of Directors.
9. Presentation of the annual report and the Auditor's report, as well as the consolidated annual report and the Auditor's report for the group, and the Auditor's report regarding compliance with the guidelines for compensation to senior management adopted at the 2018 Annual General Meeting.
10. Resolution on
 - (a) the adoption of the income statement and the balance sheet as well as the consolidated income statement and the consolidated balance sheet;
 - (b) allocation of the Company's profit according to the adopted balance sheet, and record date for distribution of profits; and
 - (c) discharge from liability for members of the Board of Directors and the Managing Director.
11. Report on the work of the Nomination Committee.
12. Determination of the number of members of the Board of Directors and deputy members of the Board of Directors to be elected by the meeting as well as the number of Auditors and deputy Auditors.
13. Determination of the compensation to the Board of Directors and the Auditors.
14. Election of Chairman of the Board of Directors, other members of the Board of Directors and deputy members of the Board of Directors, Auditors and deputy Auditors.
15. Resolution on guidelines for compensation to senior management.
16. Closing of the meeting.

Proposed resolutions

Item 2

The Nomination Committee proposes that the Chairman of the Board of Directors, Anders Narvinger, is appointed Chairman of the 2019 Annual General Meeting.

Item 10 (b)

The Board of Directors proposes a distribution of profits in an amount of SEK 5 per share for 2018. Friday 26 April 2019 is proposed as record date for the right to receive dividend. If the meeting resolves in accordance with this proposal, Euroclear Sweden AB is expected to pay the dividend on Thursday 2 May 2019.

Item 12 -14

The Nomination Committee proposes as follows:

Item 12: The number of members of the Board of Directors to be elected by the meeting is proposed to be eight with no deputies. Both the number of Auditors and the number of deputy Auditors are proposed to be two.

Item 13: The compensation to the Board of Directors is proposed to be a total of SEK 5,845,000 (SEK 5,035,000) to be distributed among the members of the Board of Directors who are elected by the meeting and not employed by the Company as follows:

- Chairman of the Board of Directors SEK 1,750,000
(SEK 1,675,000)
- Other members of the Board of Directors SEK 585,000
(SEK 560,000)

In addition to the proposed compensations to members of the Board of Directors, it is also proposed that the compensations mentioned below shall be distributed to the members who are Chairman or member of the Committees mentioned below. The proposed compensations are as follows:

Extra amount for the Chairman of the Audit Committee SEK 200,000
(SEK 175,000)

Extra amount for the other members of the Audit Committee SEK 125,000
(SEK 125,000)

Extra amount for the Chairman of the Remuneration Committee SEK 50,000
(SEK 50,000)

Extra amount for the other members of the Remuneration Committee SEK 50,000
(SEK 50,000)

Bracketed figures refer to compensation for 2018.

Compensation to the Auditors is proposed to be paid as per approved invoice.

Item 14: Members of the Board of Directors Anders Narvinger, Finn Rausing, Jörn Rausing, Ulf Wiinberg, Anna Ohlsson-Leijon, and Henrik Lange are proposed to be re-elected for the time up to the end of the 2020 Annual General Meeting. Heléne Mellquist and Maria Moræus Hanssen are proposed to be elected as new members of the Board of Directors. Margareth Øvrum has declined re-election.

Heléne Mellquist is currently Senior Vice President of Volvo Lastvagnar, Area International. From 1 April she will be responsible for Area Europe. Heléne has long experience from the Volvo Group, where she has held various senior positions, such as Chief Financial Officer and several Vice President appointments. She has also been Chief Executive Officer of TransAtlantic AB. Heléne Mellquist is currently board member in Cavotec and Thule Group.

Maria Moræus Hanssen is since 2018 Chief Executive Officer of DEA Deutsche Erdoel. Moræus Hanssen has long experience from Norsk Hydro, Statoil and Aker, where she has held several senior positions and Vice President appointments.

The Nomination Committee proposes that Anders Narvinger shall be appointed Chairman of the Board of Directors. Should Anders Narvinger's assignment as Chairman of the Board of Directors end prematurely, the Board of Directors shall appoint a new Chairman.

Information on all members proposed to the Board of Directors and the Nomination Committee's reasoned statement is available at Alfa Laval AB's website, www.alfalaval.com and will also be available at the meeting.

The Nomination Committee proposes, in accordance with the Remuneration Committee's recommendation, that the authorized public accountants Staffan Landén and Karoline Tedevall are elected as the Company's Auditors for the forthcoming year, thus for the time up to the end of the 2020 Annual General Meeting. The Nomination Committee further proposes that the authorized public accountants Henrik Jonzén and Nina Bergman are elected as the Company's deputy Auditors for the forthcoming year, thus for the time up to the end of the 2020 Annual General Meeting.

Item 15

In the notice, the Board of Directors wishes to make some clarifications to the guidelines for compensation to senior executives, based on among other things comments from shareholders. The intention is to clarify the principles for compensation and the conditions for the variable compensation. Among other things, the possibility of qualitatively set goals has been removed from the individual annual variable compensation (item 15.4 (i) below) and the goals and maximum outcome for the long-term incentive program have been clarified (item 15.4 (ii) below).

The Board of Directors hereby proposes that the meeting adopts a resolution on the following guidelines for compensation to senior management:

1. Scope

The term senior management refers to the Managing Director and the group management. These guidelines apply to employment contracts for members of the senior management

entered into following the adoption of these guidelines by the meeting, and to amendments to existing employment contracts for senior management made thereafter. The Board of Directors has the right to deviate from the guidelines if there are special circumstances for such deviation in an individual case. Special circumstances may, e.g., be that it must be possible to offer to members of the senior management who reside outside Sweden terms which are competitive in their country of residence. If the Board of Directors deviates from the guidelines due to special circumstances, the reasons for the deviation must be clearly justified.

2. The main principle and how compensation matters are prepared

The main principle for the guidelines is that Alfa Laval AB shall offer compensation on market terms so that the Company can attract and retain a competent senior management. The levels of compensation are compared on a regular basis with other companies that operate in the same markets in order to ensure compensation on market terms. The Board of Directors has established a Committee within the Board, with the tasks of preparing the guidelines for compensation for the senior management, which shall be resolved upon by the Annual General Meeting, as well as to propose to the Board of Directors remuneration and employment provisions for the Managing Director. The Board of Directors shall resolve on matters regarding remuneration and employment provisions for the Managing Director following preparation by the Remuneration Committee. The Committee shall resolve on matters regarding remuneration and employment provisions for senior management which reports directly to the Managing Director. The Committee shall continuously report to the Board of Directors. The Managing Director and the senior management are not present when their respective compensation terms are decided.

3. Fixed compensation

The fixed salaries shall be revised annually and shall be based upon areas of responsibility and results of each individual.

4. Variable compensation

The variable compensation comprises (i) an individual annual variable compensation, and may also, as a supplement, include (ii) a long-term incentive program.

- (i) The individual annual variable compensation may be between a maximum of 40 and 60 percent of the fixed compensation, depending on position. The outcome depends on the degree of fulfilment of predetermined financial targets. The outcome of the individual variable compensation is reported after the result for the current year has been determined. In addition, the goals and the underlying criteria for determining the goals are presented at the subsequent Annual General Meeting. Given that goals and criteria are commercially sensitive to the Company, public disclosure of these in advance, would, according to the Board of Directors, be detrimental to the Company.
- (ii) The long-term incentive program is directed to the Company's senior management and top executives (not more than 95 persons). The program is intended to be a supplement to the individual annual variable compensation. According to the Board of Directors, the proposed long-term incentive program is designed to strongly contribute to long-term value creation for the shareholders.

It is the Board of Directors' proposal to implement a long-term incentive program for 2019, on the same terms as for the 2018 program. The long-term incentive program for 2019 is, as the long-term incentive programs for 2016, 2017 and 2018, a cash-based program. The intention is that the long-term incentive program is related to

the financial targets over a business cycle, which have been decided by the Board of Directors and communicated externally. The programs for 2018 and 2019 are therefore based on an operating margin (adjusted EBITA margin) of 15 percent and a Net Invoicing growth of 5 percent with a 50/50 distribution. The program runs, as before, over three years.

The outcome of the program is calculated as an average of the outcome of EBITA and Net Invoicing growth for the three program years. The outcome for the operating margin is calculated linearly between 14 percent and 17 percent and for Net Invoicing growth linearly between 4 percent and 7 percent. Thus, maximum outcome is awarded when the externally communicated long-term financial targets are clearly exceeded.

The compensation from the modified long-term incentive program may for the CEO amount to a maximum of 50 percent of the fixed compensation. For other senior management, a maximum of 30-40 percent and for other participants in the program a maximum of 20-40 percent of the fixed compensation depending on the position. The maximum cost for the long-term program over the three program years is estimated to amount to approximately SEK 81 million, of which approximately SEK 22 million for senior management.

Payment to the participants of the program is made after year three, provided, however, that they are still employed at the date of payment. The outcome for the long-term incentive program 2019-2021 is thus calculated at the beginning of 2022 and is based on an average of the three program years' results.

The previous programs for 2016 and 2017 are connected to the Company's earnings per share, taking possible acquisitions of the Company's own shares into account.

The Board of Directors may consider proposing the General Meeting a share or share price-related program for the senior management.

5. Pension benefits

A detailed description of current pension schemes for the senior management is available in note 6 of the Annual Report for 2018.

Early retirement is offered selectively and only after a special decision by the Remuneration Committee. As from 2006, a premium based early retirement scheme with a premium of 15 percent of the pensionable income is offered.

For old-age pension, in addition to the ITP benefits, a premium based scheme, with a premium of 30 percent of the pensionable income above 30 basic amounts is being offered since 2006. Members of the senior management also have a survivor's pension consisting of either a life insurance or a special family pension filling the gap between the old-age pension and the family pension according to the ITP plan. In addition, they have the opportunity to allocate salary and bonus to a temporary old-age and family pension.

6. Non-monetary benefits

Members of the senior management have the right to normal non-monetary benefits, such as company car and healthcare benefits.

7. Dismissal and severance pay

Should Alfa Laval AB dismiss a member of the senior management, the compensation during the notice period and the severance pay may be an amount corresponding to a maximum of two annual salaries.

Available documents

The annual report, the Auditors' report, the Board of Directors' reasoned statement regarding the proposed distribution of profits under item 10 (b), the Auditors' report regarding compliance with the guidelines for compensation to senior management adopted at the Annual General Meeting held in 2018 and complete proposals for all other resolutions as set out above will be held available for the shareholders at Alfa Laval AB on Tuesday 26 March 2019 at the latest. Copies of the documents will be sent to shareholders who so request and state their postal address. The documents will also be held available on the Company's website, www.alfalaval.com/investors/corporate-governance/, no later than on the above-mentioned date. The proposals from the Nomination Committee and their reasoned statement will also be published on the same web address.

Number of shares and votes in the Company

At the date of this notice, the total number of shares and votes in the Company is 419,456,315. All shares are of the same class. The Company itself holds no shares in the Company.

Information at the Annual General Meeting

The Board of Directors and the Managing Director shall, if any shareholder so requests, and if the Board of Directors considers that this can be done without significant harm for the Company, give information on circumstances that can affect the assessment of an item on the agenda, circumstances that can affect the assessment of the financial situation of the Company or its subsidiaries and the Company's relationship with another group company.

Processing of personal data

Personal data relating to shareholders retrieved from the share register, notification of participation in the Annual General Meeting and information on representatives and assistants will be used for registration, preparation of the voting list for the Annual General Meeting and, if applicable, minutes of the meeting. The personal data is handled in accordance with the General Data Protection Regulation (European Parliament and Council Regulation (EU) 2016/679), which applies from May 25, 2018. For further information on the Company's processing of personal data and your rights, see the Privacy Policy at the following link:

<https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>
or contact the Company at the following email address: dataprivacy@alfalaval.com.

Lund, March 2019
ALFA LAVAL AB (publ)
The Board of Directors