



Q2 2021

Advancing better™

Continued strong market recovery

- Strong order growth across all divisions and regions.
- Record-high order intake in the Food & Water Division.
- Sustainability offering in Marine strengthened by acquisition of StormGeo.
- The adjusted EBITA-margin improved due to productivity improvements and restructuring program.

Outlook for the third quarter

“We expect demand in the third quarter to be somewhat lower than in the second quarter.”

Earlier published outlook (April 27, 2021):
“We expect demand in the second quarter to be about the same as in the first quarter.”

The Q2 2021 report has not been subject to review by the company's auditors.

Summary

SEK millions	Q2				Jan-Jun			
	2021	2020	%	% *	2021	2020	%	% *
Order intake	12,183	9,749	25	33	22,387	21,626	4	12
Net sales	9,975	10,455	-5	2	18,944	21,045	-10	-3
Adjusted EBITA **	1,738	1,802	-4		3,268	3,552	-8	
- adjusted EBITA margin (%) **	17.4	17.2			17.3	16.9		
Result after financial items ***	1,231	1,414	-13		2,714	2,671	2	
Net income for the period ***	985	1,055	-7		2,097	1,978	6	
Earnings per share (SEK) ***	2.32	2.49	-7		4.96	4.68	6	
Cash flow from operating activities	1,421	2,844	-50		2,384	3,803	-37	
Impact on adjusted EBITA of foreign exchange effects	-30	60			-100	150		
Impact on result after financial items of comparison distortion items	-204	-			-192	-		
Return on capital employed (%) **					18.0	22.5		
Net debt to EBITDA, times **					1.14	0.58		

* Excluding currency effects. ** Alternative performance measures. *** The comparison periods 2020 have been changed as communicated in the Q3 report 2020.



Comment from

Tom Erixon

President and CEO

"The global economic recovery continued and the second quarter was characterized by high activity levels and overall good demand in all geographical markets. The order intake for the Group was strong with a record-high organic order growth of 45% in the Food & Water division. The book-to-bill ratio of 1.2 in the quarter indicates that the low point of this business cycle is behind us.

The adjusted EBITA margin strengthened somewhat in the quarter, both compared to last year and sequentially. Strong productivity development and good implementation of the restructuring program more than compensated for cost inflation and the return to a more normal Sales & Admin activity level after the pandemic.

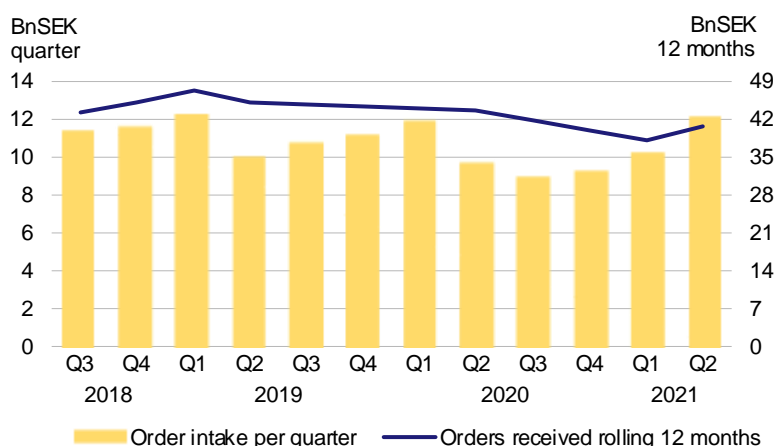
Our business portfolio addressing the accelerated demand for more sustainable solutions continues to grow. Three important initiatives were announced in the Marine Division. First, the acquisition of StormGeo, where one of many important products is a Route Advisory service, helping the global merchant fleet to navigate in a more fuel-efficient way. Second, a joint venture with Wallenius, called AlfaWall Oceanbird, was announced. The company will develop an innovative technology to use wind as propulsion on large vessels with the ambition to dramatically reduce the fuel consumption. Third, Alfa Laval acquired a minority stake in a company developing an air lubrication system to distribute air bubbles under the hull, with significant fuel savings as a result. Alfa Laval has now established a significant toolbox to support the decarbonization of the world's merchant fleet.

Demand is expected to remain firm on the current level, with a normal seasonal slowdown in the third quarter. As a result of the high order intake in recent months, in combination with global material and freight constraints, we already now see some short-term challenges in the supply chain that may impact the invoicing in the second half of 2021."

Tom Erixon,
President and CEO

Financial overview

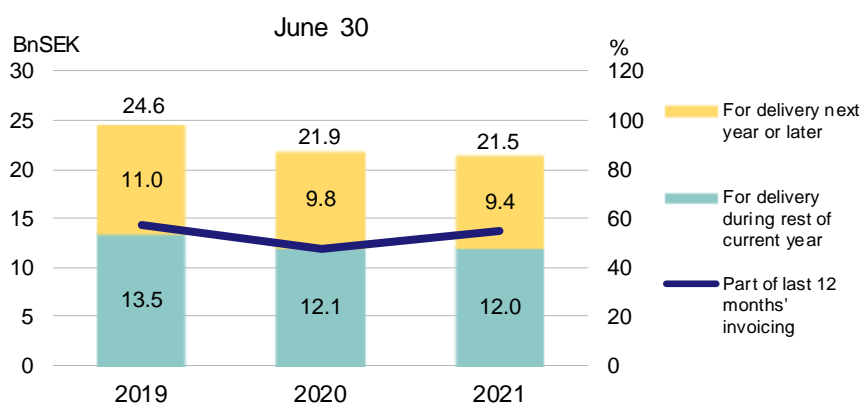
Order intake



Orders received was SEK 12,183 (9,749) million in the second quarter and SEK 22,387 (21,626) million in the first six months 2021.

Orders received from Service constituted 24.9 (29.1) percent of the Group's total orders received during the second quarter and 27.1 (29.0) percent during the first six months 2021.

Order backlog



Excluding currency effects and adjusted for acquisition and divestment of businesses the order backlog was 7.0 percent higher than the order backlog on June 30, 2020 and 19.2 percent higher than the order backlog at the end of 2020.

Net sales

Net invoicing was SEK 9,975 (10,455) million for the second quarter and SEK 18,944 (21,045) million for the first six months 2021.

Net invoicing relating to Service constituted 29.1 (27.7) percent of the Group's total net invoicing in the second quarter and 29.3 (28.1) percent in the first six months 2021.

SEK millions/%	Order bridge	
	Q2	Jan-Jun
2020	9,749	21,626
Organic ¹⁾	32.6%	12.2%
Structural ¹⁾	0.6%	0.2%
Currency	-8.2%	-8.9%
Total	25.0%	3.5%
2021	12,183	22,387

1) Change excluding currency effects.

SEK millions/%	Order bridge Service	
	Q2	Jan-Jun
2020	2,834	6,271
Organic ¹⁾	13.6%	4.9%
Structural ¹⁾	1.9%	0.8%
Currency	-8.3%	-9.1%
Total	7.2%	-3.4%
2021	3,037	6,056

1) Change excluding currency effects.

SEK millions/%	Sales bridge	
	Q2	Jan-Jun
2020	10,455	21,045
Organic ¹⁾	1.5%	-2.9%
Structural ¹⁾	0.6%	0.3%
Currency	-6.7%	-7.4%
Total	-4.6%	-10.0%
2021	9,975	18,944

1) Change excluding currency effects.

SEK millions/%	Sales bridge Service	
	Q2	Jan-Jun
2020	2,900	5,931
Organic ¹⁾	6.1%	1.4%
Structural ¹⁾	2.0%	0.9%
Currency	-7.8%	-8.7%
Total	0.3%	-6.4%
2021	2,908	5,551

1) Change excluding currency effects.

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

Income analysis

SEK millions	Q2		Jan-Jun		Jan-Dec	Last 12
	2021	2020	2021	2020	2020	months
Net sales	9,975	10,455	18,944	21,045	41,468	39,367
Adjusted gross profit *	3,806	3,705	7,231	7,690	15,113	14,654
- adjusted gross margin (%) *	38.2	35.4	38.2	36.5	36.4	37.2
Expenses **	-1,788	-1,637	-3,403	-3,594	-6,748	-6,557
- in % of net sales	17.9	15.7	18.0	17.1	16.3	16.7
Adjusted EBITDA *	2,018	2,068	3,828	4,096	8,365	8,097
- adjusted EBITDA margin (%) *	20.2	19.8	20.2	19.5	20.2	20.6
Depreciation	-280	-266	-560	-544	-1,134	-1,150
Adjusted EBITA *	1,738	1,802	3,268	3,552	7,231	6,947
- adjusted EBITA margin (%) *	17.4	17.2	17.3	16.9	17.4	17.6
Amortisation of step-up values	-190	-222	-392	-444	-855	-803
Comparison distortion items	-204	-	-192	-	-796	-988
Operating income	1,344	1,580	2,684	3,108	5,580	5,156

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

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

Sales and administration expenses were SEK 1,614 (1,448) million during the second quarter and SEK 3,069 (3,118) million during the first six months 2021. The figures for the first six months corresponded to 16.2 (14.8) percent of net sales. Excluding currency effects and acquisition/divestment of businesses, sales and administration expenses were 14.9 percent higher during the second quarter and 3.7 percent higher during the first six 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.

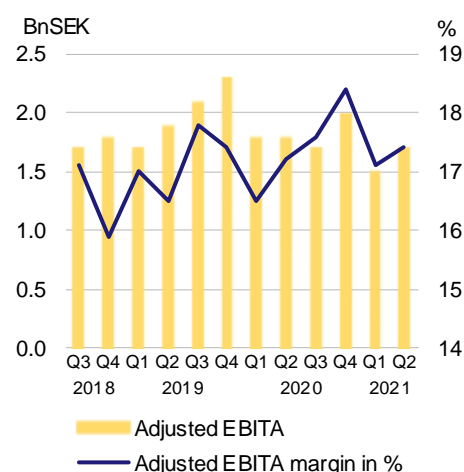
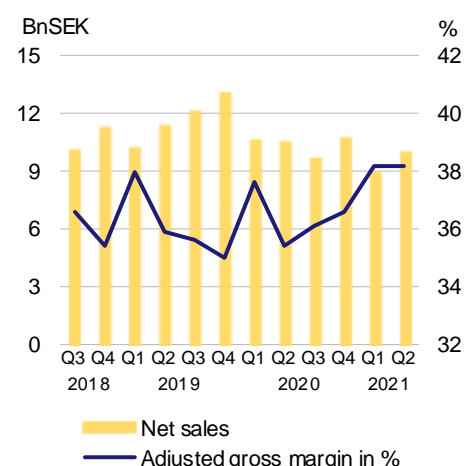
The costs for research and development during the first six months 2021 corresponded to 2.9 (2.6) percent of net sales. Excluding currency effects and acquisition/divestment of businesses, the costs for research and development increased by 15.8 percent during the second quarter and increased by 6.3 percent during the first six months 2021 compared to the corresponding periods last year.

Earnings per share was SEK 4.96 (4.68) for the first six months 2021. The corresponding figure excluding amortisation of step-up values and the corresponding tax, was SEK 5.73 (5.54).

Comparison distortion items

SEK millions	Q2		Jan-Jun		Jan-Dec	Last 12
	2021	2020	2021	2020	2020	months
Other operating income						
Comparison distortion items:						
- Realised gain on sale of businesses	-	-	3	-	-	3
- Realised gain on sale of properties	-	-	9	-	-	9
Other operating costs						
Comparison distortion items:						
- Realised loss on sale of businesses	-	-	-	-	-55	-55
- Write down of goodwill	-	-	-	-	-360	-360
- Restructuring costs	-204	-	-204	-	-381	-585
Net comparison distortion items	-204	-	-192	-	-796	-988

The comparison distortion items during the first six 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 six months 2021 was SEK -70 (-101) 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 -8 (-2) million, interest on the bilateral term loans of SEK -2 (-21) million, interest on the corporate bonds of SEK -41 (-42) 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 -19 (-36) million. The net of realised and unrealised exchange rate differences was SEK 100 (-336) million.

The tax on the result after financial items was SEK -246 (-359) million in the second quarter and SEK -617 (-693) million in the first six months 2021.

Cash flow

During the first six months 2021 cash flows from operating and investing activities were SEK -1,629 (3,527) million. The change is mainly explained by the acquisition of StormGeo, see below.

Depreciation, excluding allocated step-up values, was SEK 560 (544) million during the first six months 2021.

Acquisition of businesses during the first six months 2021 amount to SEK -3,601 (-8) million. The figure for 2021 is relating to the acquisition of StormGeo with SEK -3,588 million, payment of withheld purchase price for the acquisition of Airec with SEK -8 million and additional purchase price for the acquisition of Aalborg AS with SEK -5 million. The figure for 2020 was relating to payment of withheld purchase price for the acquisition of Airec.

Divestment of businesses during the first six months 2021 amount to SEK 8 (39) 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 payment of withheld purchase price for the sale of the commercial/industrial air heat exchangers business to the LU-VE Group with SEK 21 million and the sale of Alfa Laval Champ to Thermal Solutions Manufacturing with SEK 18 million.

Key figures

	Jun 30		Dec 31
	2021	2020	2020
Return on capital employed (%) ¹⁾	18.0	22.5	19.1
Return on equity (%) ²⁾	11.5	19.2	12.7
Solidity (%) ³⁾	46.8	43.7	47.8
Net debt to EBITDA, times ¹⁾	1.14	0.58	0.48
Debt ratio, times ¹⁾	0.28	0.19	0.13
Number of employees ⁴⁾	17,555	17,196	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.

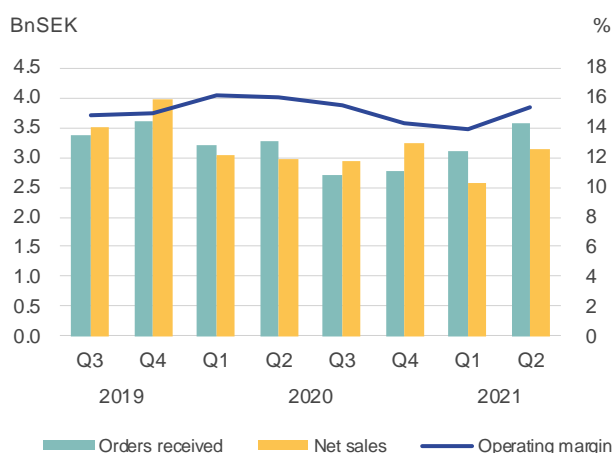
Focus is on increased energy efficiency, waste heat recovery and sustainable solutions.

- Record high order intake in HVAC.
- Higher project activity in the power and process industries.
- Service returned to growth across most industries, including in oil & gas.
- Operating margin overall stable although somewhat negatively impacted by higher raw material and freight costs.

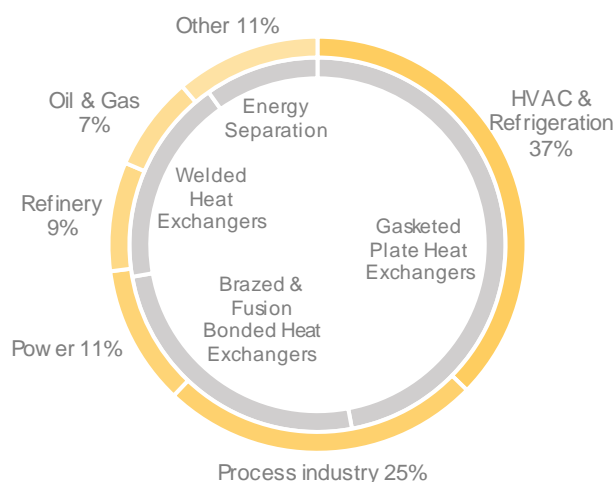
SEK millions	Q2		Jan-Jun		Jan-Dec	Last 12
	2021	2020	2021	2020	2020	months
Orders received	3,553	3,279	6,654	6,476	11,952	12,130
Order backlog*	5,436	5,631	5,436	5,631	4,740	5,436
Net sales	3,123	2,979	5,681	6,018	12,187	11,850
Operating income**	481	476	837	964	1,882	1,755
Operating margin***	15.4%	16.0%	14.7%	16.0%	15.4%	14.8%
Depreciation and amortisation	106	115	204	223	452	433
Investments****	72	51	126	87	352	391
Assets*	13,349	14,478	13,349	14,478	12,726	13,349
Liabilities*	6,003	5,776	6,003	5,776	5,574	6,003
Number of employees*	5,124	5,160	5,124	5,160	5,111	5,124

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

Quarterly development



Order intake Jan-Jun 2021 split per end market*/business unit



* The end markets have been redefined to better reflect how we approach the market. Most of them are self-explanatory, but for the sake of clarity it can be mentioned that "process industry" consists of inorganic chemicals, metals, petrochemicals and pulp & paper and that "other" mainly consists of manufacturing and mining.



Order intake*

The Energy Division's overall order intake developed strongly during the second quarter, mainly driven by a growing demand for innovative energy efficiency solutions.

For the largest end market, HVAC** & refrigeration, order intake grew to the highest level ever reported in a quarter. The positive development was mainly a result of continued good demand in heat pumps and refrigeration solutions in China, the US and Europe due to the increasing interest in new clean energy solutions. Investments in the heavy industry sectors such as the power and process industry were also contributing to order growth in the quarter, primarily due to increased demand for heat exchangers. Demand in oil & gas related industries remained on a low level as customers continue to hold back investments in new capital equipment.

The overall service development was positive and sales grew in most industrial sectors including oil & gas. Spare parts and connected service solutions continue to develop positively whilst field service was still negatively impacted from restricted customer site access.

Net sales

Net sales grew in the quarter and improved compared to the same quarter last year. The overall positive development was mainly driven by strong performance in the transactional business, especially in new growth areas and light industries.

Operating income

The operating income was almost on the same level as in the second quarter last year, despite a positive volume effect. The result was burdened by increased raw material costs and an uneven factory load. The overhead costs have increased due to an increased activity level after the pandemic, even if the travel spend still is low. Currency effects had a negative impact on the result.

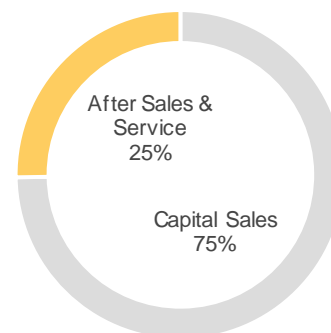
SEK millions/%	Order bridge	
	Q2	Jan-Jun
2020	3,279	6,476
Organic ¹⁾	16.3%	11.6%
Structural ¹⁾	0.0%	0.0%
Currency	-7.9%	-8.9%
Total	8.4%	2.7%
2021	3,553	6,654

1) Change excluding currency effects.

SEK millions/%	Sales bridge	
	Q2	Jan-Jun
2020	2,979	6,018
Organic ¹⁾	12.4%	2.2%
Structural ¹⁾	0.1%	0.1%
Currency	-7.7%	-7.9%
Total	4.8%	-5.6%
2021	3,123	5,681

1) Change excluding currency effects.

Order intake Jan-Jun 2021 split on:



SEK millions	Income bridge	
	Q2	Jan-Jun
Operating income 2020	476	964
Volume ¹⁾	131	50
Mix ¹⁾	-34	-111
Costs ¹⁾	-70	-29
Currency	-22	-37
Operating income 2021	481	837

1) Change excluding currency effects.

* Comments excluding currency effects.

** Heating, Ventilation & Air Conditioning.



Food & Water Division

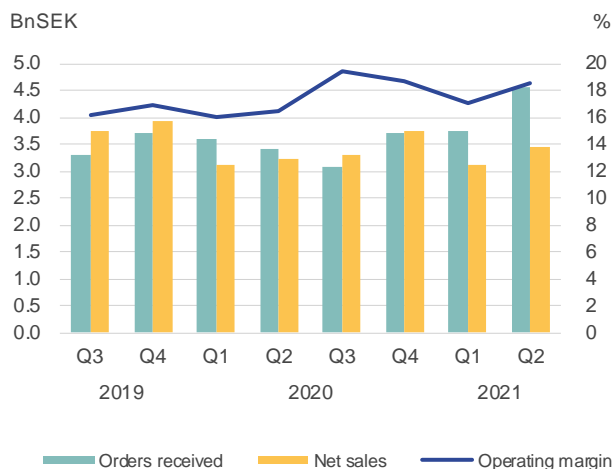
The division offers different types of products for heat transfer, separation and hygienic fluid handling and targets customers in food, pharmaceuticals, biotech, vegetable oils, brewery, dairy and body care products. In addition, the division focuses on public and industrial water treatment as well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

- Record high order intake.
- Strong demand across most areas in the division.
- Larger CAPEX projects booked, especially in the sustainability area.
- Solid growth in service.
- Profitability improved due to positive volume and mix effects.

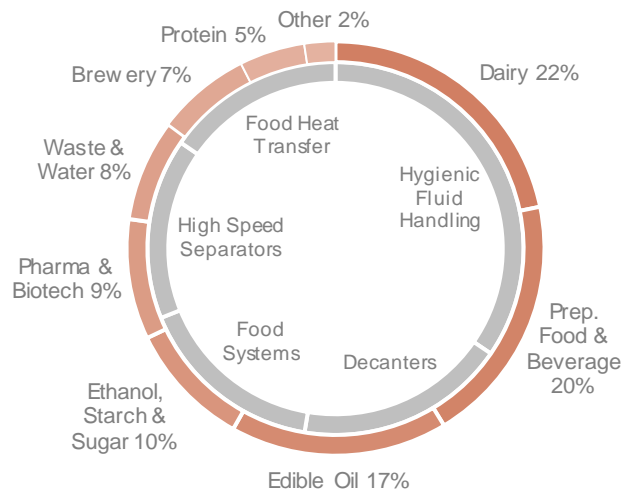
SEK millions	Q2		Jan-Jun		Jan-Dec	Last 12
	2021	2020	2021	2020	2020	months
Orders received	4,554	3,396	8,284	7,008	13,814	15,090
Order backlog*	6,458	5,491	6,458	5,491	5,056	6,458
Net sales	3,458	3,241	6,574	6,359	13,414	13,629
Operating income**	641	533	1,171	1,031	2,371	2,511
Operating margin***	18.5%	16.4%	17.8%	16.2%	17.7%	18.4%
Depreciation and amortisation	78	88	176	190	384	370
Investments****	52	44	167	99	295	363
Assets*	11,770	11,921	11,770	11,921	11,226	11,770
Liabilities*	5,819	5,161	5,819	5,161	5,184	5,819
Number of employees*	6,404	6,297	6,404	6,297	6,215	6,404

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

Quarterly development



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





Order intake*

The division reported strong order growth compared to the same quarter last year and the positive development was notable across almost all key industries served. The transactional business continued to show strength. Geographically, all regions showed double-digit growth, with North America and China particularly strong with high business activity across most industry sectors. The shift towards more sustainability solutions remains a key driver and during the quarter especially in industries such as edible oil and ethanol.

Strong order growth was noted in edible oil, not least visible from the high interest in alternative biofuel with two large HVO (Hydrotreated Vegetable Oil) orders for the US and Benelux markets respectively. The positive development in pharma & biotech remains with a high investment activity. Ethanol, starch & sugar was boosted by a strong ethanol market in Americas as higher crude oil prices make ethanol more attractive as alternative fuel. The brewery industry is showing clear signs of improved demand and recovery was noted in all geographical regions. For waste & water, a positive development in Asia and North America could not fully offset lower activity in Europe.

Aftermarket demand developed well. Growth was primarily seen in the brewery and pharma sectors, but all sectors with the exception for ethanol, starch & sugar grew. Growth was reported in all aftermarket scopes with similar increases for repair and service orders as for parts.

Net sales

Net sales in the quarter were well above the same quarter last year. Aftersales and capital sales both increased at similar pace and the highest growth was noted in brewery, waste & water and pharma & biotech.

Operating income

The operating income increased significantly in the quarter compared to last year, following strong growth in net sales and a favourable mix as well as a high load in the factories. Costs for sales & administration and R&D, however, increased compared to last year's low levels during the pandemic. The foreign exchange effect in the quarter was negative following the strengthening SEK.

* Comments excluding currency effects.

Order bridge

SEK millions/%	Q2	Jan-Jun
2020	3,396	7,008
Organic ¹⁾	45.4%	29.8%
Structural ¹⁾	-0.2%	-0.2%
Currency	-11.1%	-11.4%
Total	34.1%	18.2%
2021	4,554	8,284

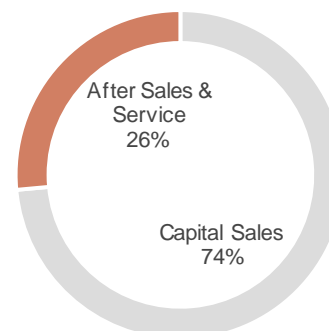
1) Change excluding currency effects.

Sales bridge

SEK millions/%	Q2	Jan-Jun
2020	3,241	6,359
Organic ¹⁾	15.5%	13.3%
Structural ¹⁾	-0.2%	-0.2%
Currency	-8.6%	-9.7%
Total	6.7%	3.4%
2021	3,458	6,574

1) Change excluding currency effects.

Order intake Jan-Jun 2021 split on:



Income bridge

SEK millions	Q2	Jan-Jun
Operating income 2020	533	1,031
Volume ¹⁾	175	308
Mix ¹⁾	69	8
Costs ¹⁾	-90	-83
Currency	-46	-93
Operating income 2021	641	1,171

1) Change excluding currency effects.

Marine Division

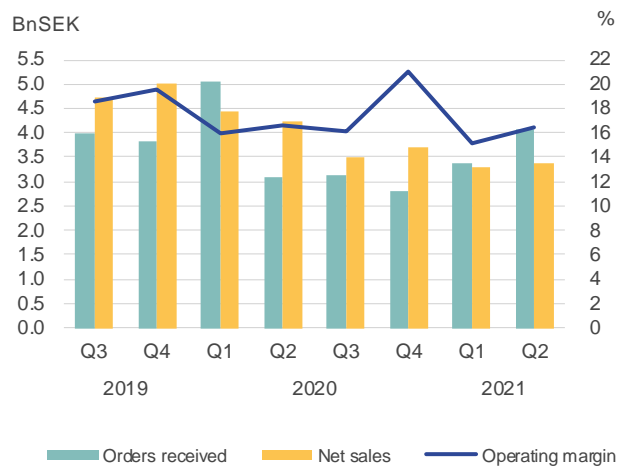
The division's customers include shipowners, shipyards, manufacturers of diesel and gas engines, as well as companies that work with offshore extraction of oil and gas. The offering includes pumping systems, boilers, heat transfer equipment, high speed separators and several different environmental products,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

- Yard contracting continued to improve.
- The sustainability toolbox was strengthened by StormGeo, Oceanbird and MPS.
- Service returned to growth in most areas.
- Operating margin was supported by the restructuring program.

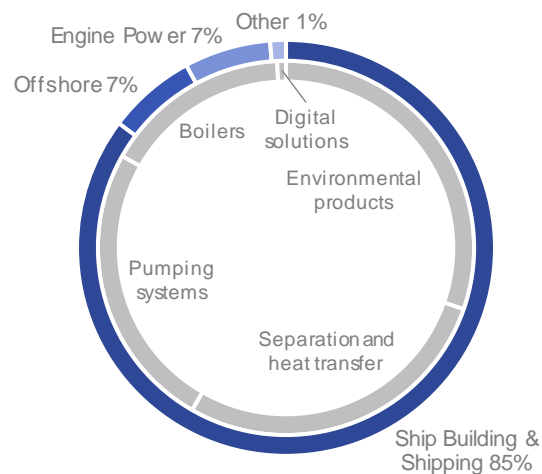
SEK millions	Q2		Jan-Jun		Jan-Dec	Last 12
	2021	2020	2021	2020	2020	months
Orders received	4,076	3,074	7,449	8,142	14,067	13,374
Order backlog*	9,586	10,751	9,586	10,751	9,173	9,586
Net sales	3,394	4,235	6,689	8,668	15,867	13,888
Operating income**	556	705	1,053	1,413	2,758	2,398
Operating margin***	16.4%	16.6%	15.7%	16.3%	17.4%	17.3%
Depreciation and amortisation	209	202	398	413	814	799
Investments****	41	28	55	65	137	127
Assets*	28,587	25,955	28,587	25,955	24,086	28,587
Liabilities*	7,024	8,328	7,024	8,328	6,695	7,024
Number of employees*	4,906	4,726	4,906	4,726	4,489	4,906

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

Quarterly development



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





Order intake*

Order intake for the Marine Division was at a higher level compared to the second quarter last year driven by stronger demand across all product areas and particularly for pumping systems.

The underlying market sentiment related to the building of new vessels was on a higher level compared to the same period last year with higher shipbuilding activity. Similar to the previous quarter, new contracting was primarily driven by container vessels and bulk carriers. The overall demand for environmental solutions developed in a good way during the quarter. 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 improved due to decreased uncertainty concerning the long-term availability and price of new fuels. Demand for the PureCool system, a solution aiming to reduce methane slip, is growing at a good rate. Order intake for offshore decreased slightly 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. The acquisition of StormGeo has contributed with one month of order intake, reported under the new Digital Solutions business unit.

Order intake for service improved compared to the same quarter last year due to the addition of StormGeo and a higher activity level in shipping that had a positive impact on the demand for spare parts and service. However, continued travel restrictions continued to limit on-board service.

Net sales

Net sales were at a lower level than the second quarter last year, with a reduction across all product groups with the exception of PureBallast. The decline was especially substantial for exhaust gas cleaning systems, pumping systems and boilers. The service sales were on a slightly higher level than the same quarter last year due to the inclusion of StormGeo.

Operating income

The operating income decreased in the second quarter compared to last year, mainly due to a lower invoicing of exhaust gas cleaning systems and pumping systems, partly mitigated by a positive effect of the restructuring program. The overhead costs have increased due to an increased activity level after the pandemic, even if the travel spend still is low. The second quarter also included one month of operating income from StormGeo, adding some volume, improving product mix but also increasing cost.

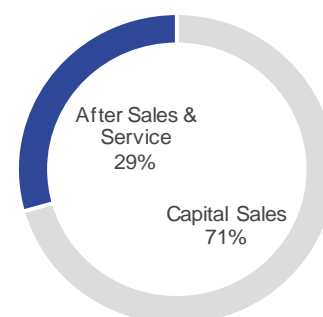
SEK millions/%	Order bridge	
	Q2	Jan-Jun
2020	3,074	8,142
Organic ¹⁾	35.8%	-2.6%
Structural ¹⁾	2.0%	0.8%
Currency	-5.2%	-6.7%
Total	32.6%	-8.5%
2021	4,076	7,449

1) Change excluding currency effects.

SEK millions/%	Sales bridge	
	Q2	Jan-Jun
2020	4,235	8,668
Organic ¹⁾	-16.8%	-18.2%
Structural ¹⁾	1.5%	0.7%
Currency	-4.6%	-5.3%
Total	-19.9%	-22.8%
2021	3,394	6,689

1) Change excluding currency effects.

Order intake Jan-Jun 2021 split on:



SEK millions	Income bridge	
	Q2	Jan-Jun
Operating income 2020	705	1,413
Volume ¹⁾	-202	-482
Mix ¹⁾	143	130
Costs ¹⁾	-78	27
Currency	-12	-35
Operating income 2021	556	1,053

1) Change excluding currency effects.

* Comments excluding currency effects.

Operations and Other

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

SEK millions	Q2		Jan-Jun		Jan-Dec	Last 12
	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**	-121	-141	-201	-300	-629	-530
Depreciation and amortisation	77	83	174	162	339	351
Investments***	7	69	90	148	448	390
Assets*	1,413	1,417	1,413	1,417	1,276	1,413
Liabilities*	705	617	705	617	522	705
Number of employees*	1,121	1,013	1,121	1,013	1,069	1,121

* 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.

Large orders (>EUR 5 million) in the second quarter

Division	Delivery date	Order amount	Total per Business Unit	
Business Unit		SEK millions		
Scope of supply			Q2 2021	Q2 2020
Energy				
Welded Heat Exchangers				
See * below.	2022	19		
Heat exchangers to an oil & gas company in the Middle East for natural gas treatment and heat recovery.	2021	68		
Alfa Laval OLMI heat exchangers to a refinery in Egypt.	2022	55		
Alfa Laval OLMI heat exchangers to a fertilizer plant in China.	2022	61	203	236
Energy Separation				
See * below.	2022	33	33	-
Gasketed Plate Heat Exchangers				
Heat exchangers to one of the largest copper and nickel producers in Russia.	2022	85	85	19
Food & Water				
Food Systems				
A processing line to a petroleum refiner to support production of renewable diesel and jet fuels in Europe.	2022	155		
See * below.	2022	342	497	-
Decanters				
See * below.	2022	21		
See ** below.	2022	45	66	-
High Speed Separators				
See ** below.	2022	6	6	-
Marine				
Pumping Systems				
Framo cargo pumping systems to an FPSO*** project in China.	2022	87	87	130
Total			977	385

* One order of SEK 415 million split between Food & Water and Energy and on several Business Units within the divisions for processing systems and equipment for feedstock pre-treatment to a U.S. refinery that is switching from traditional petroleum refining to renewable biofuel production.

** One order of SEK 51 million split between two Business Units in Food & Water for complete process lines to one of the world's largest olive oil mills to be built in Spain.

*** Floating Production, Storage and Offloading.

Reconciliation between Divisions and Group total

SEK millions	Q2		Jan-Jun		Jan-Dec	Last 12
	2021	2020	2021	2020	2020	months
Operating income						
Total for divisions	1,557	1,573	2,860	3,108	6,382	6,134
Comparison distortion items	-204	-	-192	-	-796	-988
Consolidation adjustments *	-9	7	16	0	-6	10
Total operating income	1,344	1,580	2,684	3,108	5,580	5,156
Financial net	-113	-166	30	-437	-603	-136
Result after financial items	1,231	1,414	2,714	2,671	4,977	5,020
Assets **						
Total for divisions	55,119	53,771	55,119	53,771	49,314	55,119
Corporate ***	7,561	10,513	7,561	10,513	11,546	7,561
Group total	62,680	64,284	62,680	64,284	60,860	62,680
Liabilities **						
Total for divisions	19,551	19,882	19,551	19,882	17,975	19,551
Corporate ***	13,782	16,335	13,782	16,335	13,814	13,782
Group total	33,333	36,217	33,333	36,217	31,789	33,333

* 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	Q2		Jan-Jun		Jan-Dec	Last 12
	2021	2020	2021	2020	2020	months
Own products within:						
Separation	1,709	1,670	3,290	3,408	7,116	6,998
Heat transfer	4,034	4,083	7,583	8,117	16,439	15,905
Fluid handling	2,212	2,478	4,364	4,768	9,156	8,752
Marine environmental	1,072	1,309	2,041	3,003	5,170	4,208
Other	0	0	0	0	1	1
Associated products	337	375	612	653	1,338	1,297
Services	611	540	1,054	1,096	2,248	2,206
Total	9,975	10,455	18,944	21,045	41,468	39,367

* 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 second quarter

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

New Alfa Laval DuraCirc pump

Alfa Laval DuraCirc® is a hygienic circumferential piston pump for the food, dairy, beverage, home and personal care industries. Its innovative design will positively impact business for customers, providing unmatched value. Unlike in the past, customers no longer have to choose between pumps that are efficient or pumps that are easy to clean and service. The DuraCirc delivers efficient performance, compliance with global hygiene standards (EHEDG and 3A), and easy maintenance – all in a single pump.



Alfa Laval Unique DV-ST UltraPure diaphragm valve extension

An extended range of Alfa Laval Unique DV-ST UltraPure diaphragm valves has been launched for use in the biotech and pharmaceutical industries as well as other hygiene-focused processes. New are the slimmer, space-saving actuators and lightweight cast valve bodies for optimized performance. These innovations contribute to enhanced safety, greater process flexibility and lower total cost of ownership. Fully customizable to meet customers' process requirements, the range comes with the Alfa Laval Q-doc documentation package.



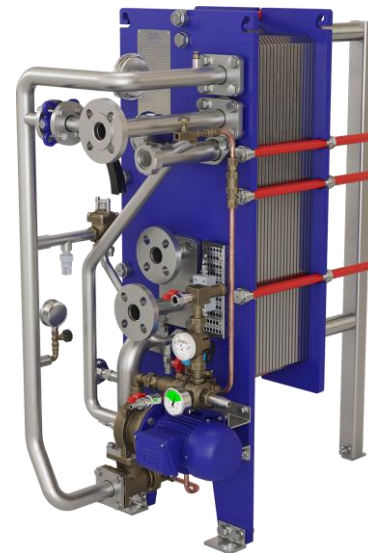
New lower-flow Alfa Laval Twin Screw pumps

Alfa Laval has expanded the Twin Screw pump range for use in hygienic processes across the dairy, food, beverage and home and personal care industries. The three new Twin Screw models effectively transfer sensitive, abrasive, and high- and low-viscosity fluids at much lower flow rates. At the same time, they deliver higher accuracy, improved process economy, virtually pulsation-free operation and excellent CIP handling of process media of varying viscosities as well as CIP fluids.



Alfa Laval AQUA Blue Mini

Alfa Laval AQUA Blue Mini is the most recent and smallest member of the AQUA freshwater generator family. It is the ideal product for vessels or off-shore platforms, as well as for Power-to-X industries such as production of green hydrogen, where high-quality water is needed. The AQUA Blue Mini utilizes Alfa Laval's revolutionary AQUA technology, a 3-in-1 optimized process where evaporation, separation and condensation occur in a single plate pack. The AQUA plate technology cuts seawater flow needs in half compared to conventional freshwater generators, which reduces pumping needs, electrical power consumption and related CO2 emissions. With less material usage and the new and patented non-glued gaskets it is the perfect fit for customers wishing to minimize their environmental impact. Additionally, this compact product with a reduced weight of 50% allows Alfa Laval to supply its products to customers with limited space, replacing the need for bunkered water and use of reverse osmosis.

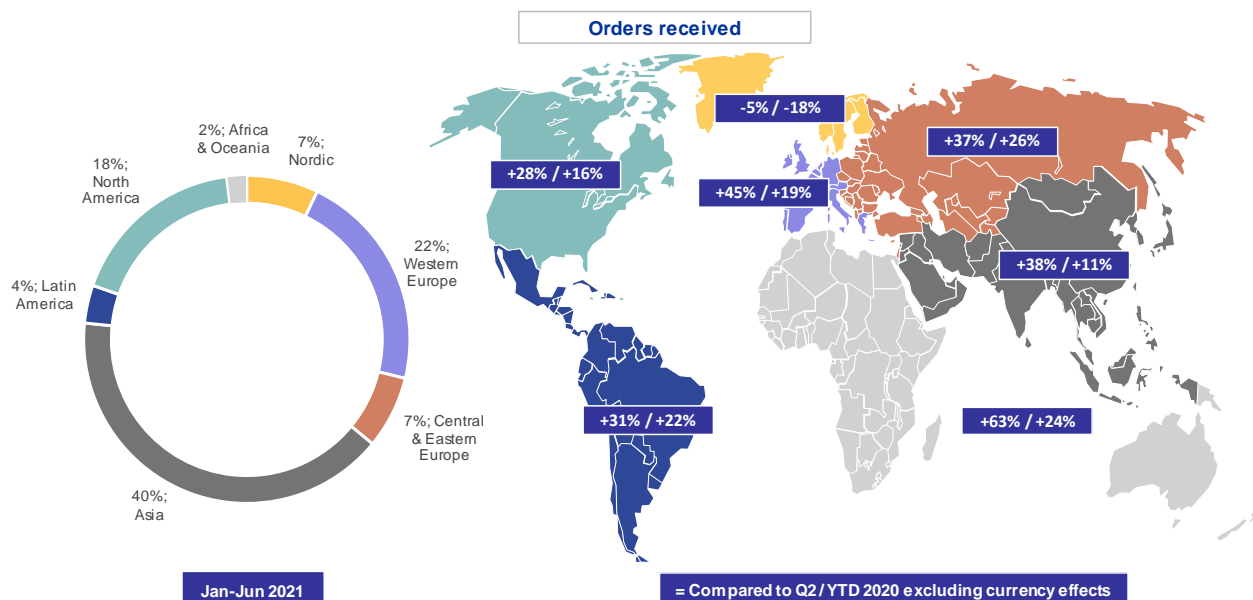


T21-M

T21-M is the newest addition to the next generation of gasketed plate heat exchangers for industrial applications, supporting applications ranging from heating, cooling and heat recovery to condensation and evaporation. Through improved efficiency of the design of the plate heat exchanger Alfa Laval's solutions benefit the customer through incorporating features such as FlexFlow™ and OmegaPort™ which gives better thermal efficiency, CurveFlow™ whereby the superior flow distribution minimizes fouling resulting in energy savings and Five-point alignment which allows for easy inspection and service which reduces downtime during maintenance. Alfa Laval's T21-M is used in various industries such as district heating, inorganic chemicals, mining, bioethanol, brewery and sugar, starch & sweeteners as well as marine applications.



Information by region



Western Europe including Nordic

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

Central and Eastern Europe

The region reported a strong growth in order intake compared to the same quarter last year. Growth in Energy and Food & Water more than compensated the slightly lower order intake in Marine. For all three divisions service order intake grew.

North America

North America showed a strong order intake compared to the same quarter last year. The high demand in the Food & Water Division, primarily in edible oil, brewery, ethanol, starch & sugar, compensated for a negative development in Energy and Marine. Service order intake grew in the Energy and Marine Divisions.

Latin America

The region had a strong order growth compared to same period last year, explained by a high demand in the three divisions driven by dairy, protein and marine boilers. Order intake increased for service.

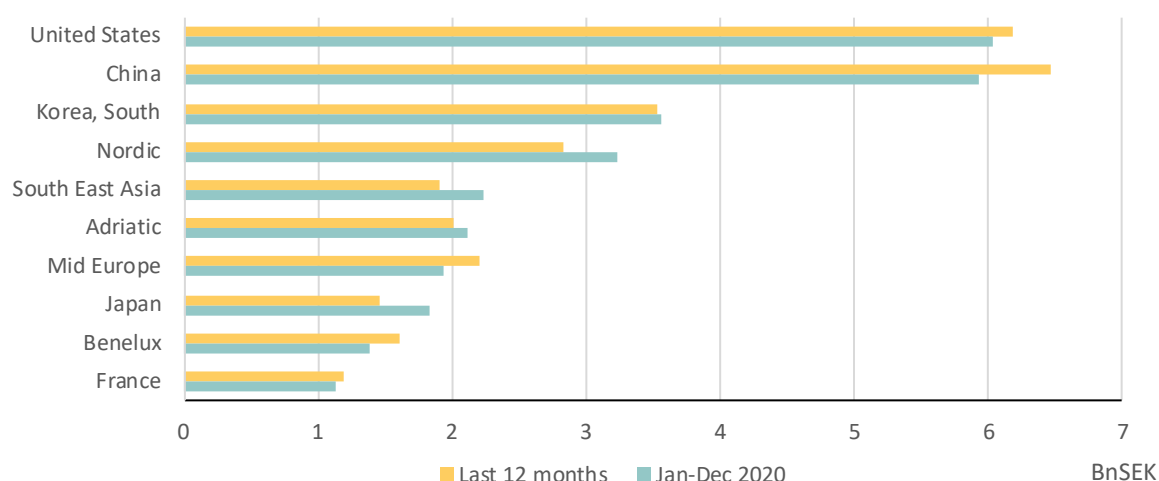
Asia

Order intake in the region showed a strong increase compared to the same quarter last year. Energy and Food & Water had a strong order intake, driven by high demand in brewery and pharma & biotech, while Marine had a good development in pumping systems. Service order intake grew.

Africa and Oceania

The region reported increased order intake in all three divisions compared to the same quarter last year, experiencing a high demand in mining, power, brewery and dairy. Marine benefitted from a positive development in pumping systems. Service order intake in general grew.

Order intake for the 10 largest markets



Net sales

SEK millions	Q2		Jan-Jun		Jan-Dec	Last 12
	2021	2020	2021	2020	2020	months
To customers in:						
Sweden	264	239	527	488	989	1,028
Other EU	2,428	2,692	4,631	5,564	11,205	10,272
Other Europe	921	771	1,787	1,673	3,247	3,361
USA	1,455	1,533	2,750	3,140	5,923	5,533
Other North America	179	211	370	571	946	745
Latin America	379	382	704	803	1,630	1,531
Africa	131	99	253	194	418	477
China	1,813	1,685	3,230	2,848	6,180	6,562
South Korea	706	1,056	1,444	1,993	3,456	2,907
Other Asia	1,567	1,681	2,991	3,555	6,984	6,420
Oceania	132	106	257	216	490	531
Total	9,975	10,455	18,944	21,045	41,468	39,367

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

Non-current assets

SEK millions	Jun 30		Dec 31
	2021	2020	2020
Sweden	2,142	2,224	2,344
Denmark	4,757	5,027	4,806
Other EU	3,826	4,077	4,046
Norway	15,143	11,437	11,172
Other Europe	349	129	117
USA	3,513	4,348	3,343
Other North America	135	138	130
Latin America	291	228	202
Africa	8	9	9
Asia	3,562	3,648	3,523
Oceania	107	123	110
Subtotal	33,833	31,388	29,802
Other long-term securities	1,883	162	1,575
Pension assets	96	86	70
Deferred tax asset	1,633	1,682	1,791
Total	37,445	33,318	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	Q2		Jan-Jun		Jan-Dec	Last 12
	2021	2020	2021	2020	2020	months
Operating activities						
Operating income	1,344	1,580	2,684	3,108	5,580	5,156
Adjustment for depreciation, amortisation and write down	470	488	952	988	2,349	2,313
Adjustment for other non-cash items	192	23	168	3	397	562
	2,006	2,091	3,804	4,099	8,326	8,031
Taxes paid	-392	-259	-1,184	-853	-1,537	-1,868
	1,614	1,832	2,620	3,246	6,789	6,163
Changes in working capital:						
Increase(-)/decrease(+) of receivables	-429	902	-285	957	1,409	167
Increase(-)/decrease(+) of inventories	-430	-146	-712	-780	126	194
Increase(+)/decrease(-) of liabilities	577	283	660	491	-580	-411
Increase(+)/decrease(-) of provisions	89	-27	101	-111	-21	191
Increase(-)/decrease(+) in working capital	-193	1,012	-236	557	934	141
	1,421	2,844	2,384	3,803	7,723	6,304
Investing activities						
Investments in fixed assets (Capex)	-172	-192	-438	-399	-1,232	-1,271
Divestment of fixed assets	1	-1	18	92	119	45
Acquisition of businesses	-3,588	-	-3,601	-8	-70	-3,663
Divestment of businesses	-	-	8	39	125	94
	-3,759	-193	-4,013	-276	-1,058	-4,795
Financing activities						
Received interests and dividends	41	17	51	47	76	80
Paid interests	-51	-61	-87	-113	-260	-234
Realised financial exchange gains	115	9	231	45	92	278
Realised financial exchange losses	-108	9	-108	-352	-524	-280
Repurchase of shares	-330	-	-330	-	-	-330
Dividends to owners of the parent	-2,307	-	-2,307	-	-	-2,307
Dividends to non-controlling interests	-2	0	-2	0	0	-2
Increase(-) of financial assets	-16	-3,185	-150	-3,355	-3,460	-255
Decrease(+) of financial assets	2,196	0	2,284	0	0	2,284
Increase of loans	1,000	1,786	1,000	2,000	2,000	1,000
Amortisation of loans	-1,028	-1,453	-1,032	-2,666	-4,841	-3,207
	-490	-2,878	-450	-4,394	-6,917	-2,973
Cash flow for the period	-2,828	-227	-2,079	-867	-252	-1,464
Cash and cash equivalents at the beginning of the period	5,937	4,995	5,150	5,594	5,594	4,647
Translation difference in cash and cash equivalents	-9	-121	29	-80	-192	-83
Cash and cash equivalents at the end of the period	3,100	4,647	3,100	4,647	5,150	3,100
Free cash flow per share (SEK) *	-5.58	6.32	-3.89	8.41	15.89	3.60
Capex in relation to net sales	1.7%	1.8%	2.3%	1.9%	3.0%	3.2%
Average number of shares	419,039,686	419,456,315	419,246,850	419,456,315	419,456,315	419,351,583

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

Consolidated comprehensive income

SEK millions	Q2		Jan-Jun		Jan-Dec	Last 12
	2021	2020	2021	2020	2020	months
Net sales	9,975	10,455	18,944	21,045	41,468	39,367
Cost of goods sold	-6,359	-6,972	-12,105	-13,799	-27,210	-25,516
Gross profit	3,616	3,483	6,839	7,246	14,258	13,851
Sales costs	-1,110	-1,002	-2,129	-2,159	-4,125	-4,095
Administration costs	-504	-446	-940	-959	-1,834	-1,815
Research and development costs	-286	-251	-557	-537	-1,039	-1,059
Other operating income	192	174	351	324	819	846
Other operating costs	-582	-385	-918	-826	-2,521	-2,613
Share of result in joint ventures	18	7	38	19	22	41
Operating income	1,344	1,580	2,684	3,108	5,580	5,156
Dividends and other financial income and costs	31	8	33	17	26	42
Interest income and financial exchange rate gains *	73	89	285	102	220	403
Interest expense and financial exchange rate losses	-217	-263	-288	-556	-849	-581
Result after financial items *	1,231	1,414	2,714	2,671	4,977	5,020
Taxes *	-246	-359	-617	-693	-1,397	-1,321
Net income for the period *	985	1,055	2,097	1,978	3,580	3,699
Other comprehensive income:						
Items that will subsequently be reclassified to net income						
Cash flow hedges	28	923	-155	-197	744	786
Market valuation of external shares	160	0	178	0	-125	53
Translation difference *	-437	-707	703	-1,431	-2,454	-320
Deferred tax on other comprehensive income *	7	-245	10	81	-76	-147
Sum *	-242	-29	736	-1,547	-1,911	372
Items that will subsequently not be reclassified to net income						
Revaluations of defined benefit obligations	50	-84	100	-150	-432	-182
Deferred tax on other comprehensive income	-13	19	-26	39	87	22
Sum	37	-65	74	-111	-345	-160
Comprehensive income for the period	780	961	2,907	320	1,324	3,911
Net income attributable to:						
Owners of the parent *	973	1,046	2,080	1,965	3,553	3,668
Non-controlling interests	12	9	17	13	27	31
Earnings per share (SEK) *	2.32	2.49	4.96	4.68	8.47	8.75
Average number of shares	419,039,686	419,456,315	419,246,850	419,456,315	419,456,315	419,351,583
Comprehensive income attributable to:						
Owners of the parent	770	964	2,882	310	1,308	3,880
Non-controlling interests	10	-3	25	10	16	31

* The comparison periods for Q2 and Jan-Jun 2020 have been changed as communicated in the Q3 report 2020.

Consolidated financial position

SEK millions	Jun 30		Dec 31
	2021	2020	2020
ASSETS			
Non-current assets			
Intangible assets	25,324	22,705	21,284
Property, plant and equipment	8,448	8,627	8,321
Other non-current assets	3,673	1,986	3,633
	37,445	33,318	33,238
Current assets			
Inventories	9,861	10,405	9,223
Assets held for sale	50	-	55
Accounts receivable	6,213	6,434	5,834
Other receivables	5,130	5,175	4,153
Derivative assets	536	169	589
Other current deposits	345	4,136	2,618
Cash and cash equivalents *	3,100	4,647	5,150
	25,235	30,966	27,622
TOTAL ASSETS	62,680	64,284	60,860
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Owners of the parent	29,153	27,910	28,908
Non-controlling interests	194	157	163
	29,347	28,067	29,071
Non-current liabilities			
Liabilities to credit institutions etc.	8,080	10,353	8,043
Lease liabilities	1,769	1,907	1,573
Provisions for pensions and similar commitments	2,455	2,402	2,494
Provision for deferred tax	1,590	1,308	1,553
Other non-current liabilities	519	656	686
	14,413	16,626	14,349
Current liabilities			
Liabilities to credit institutions etc.	1,124	1,193	1,125
Accounts payable	2,993	3,074	2,758
Advances from customers	4,782	4,820	4,381
Other provisions	2,093	1,791	1,757
Other liabilities	7,836	8,224	7,311
Derivative liabilities	92	489	108
	18,920	19,591	17,440
Total liabilities	33,333	36,217	31,789
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	62,680	64,284	60,860

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

Financial assets and liabilities at fair value

SEK millions	Valuation hierarchy level	Jun 30		Dec 31
		2021	2020	2020
Financial assets				
Other non-current securities	1 and 2	1,759	79	1,490
Bonds and other securities	1	63	485	1,447
Derivative assets	2	596	224	785
Financial liabilities				
Derivative liabilities	2	102	574	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	Jun 30		Dec 31
	2021	2020	2020
Credit institutions	106	145	120
Swedish Export Credit	-	1,048	1,008
SEB and Nordea	-	1,998	-
Commercial papers	1,000	-	-
Corporate bonds	8,098	8,355	8,040
Lease liabilities	2,320	2,508	2,235
Total debt	11,524	14,054	11,403
Cash and cash equivalents and current deposits	-3,445	-8,783	-7,768
Net debt *	8,079	5,271	3,635

* Alternative performance measure.

Alfa Laval announced on April 22, 2021 that the company has successfully refinanced the company's revolving credit facility with a EUR 700 million credit facility corresponding to SEK 7,106 million on June 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 June 30, 2021. Out of the commercial paper programme of SEK 2,000 million, SEK 1,000 was utilised on June 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

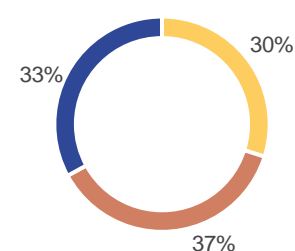
SEK millions	Jan-Jun		Jan-Dec
	2021	2020	2020
At the beginning of the period	29,071	27,747	27,747
Changes attributable to:			
Owners of the parent			
Comprehensive income			
Comprehensive income for the period	2,882	310	1,308
Transactions with shareholders			
Repurchase of shares	-330	-	-
Dividends	-2,307	-	-
	-2,637	-	-
Subtotal	245	310	1,308
Non-controlling interests			
Comprehensive income			
Comprehensive income for the period	25	10	16
Transactions with shareholders			
Non-controlling interests in acquired companies	8	-	-
Dividends	-2	-	-
	6	-	-
Subtotal	31	10	16
At the end of the period	29,347	28,067	29,071

Condensed segment reporting per quarter



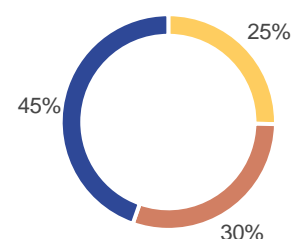
Orders received	2021		2020				2019	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
SEK millions								
Energy	3,553	3,101	2,760	2,716	3,279	3,197	3,594	3,355
Food & Water	4,554	3,730	3,723	3,083	3,396	3,612	3,720	3,306
Marine	4,076	3,373	2,789	3,136	3,074	5,068	3,840	4,006
Greenhouse	-	-	-	-	-	-	-8	45
Operations & Other	0	0	0	0	0	0	7	16
Total	12,183	10,204	9,272	8,935	9,749	11,877	11,153	10,728

Last 12 months



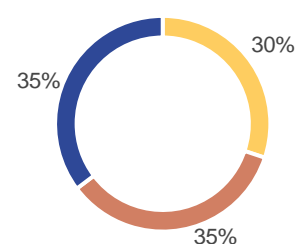
Order backlog	2021		2020				2019	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
SEK millions								
Energy	5,436	5,006	4,740	5,301	5,631	5,397	5,214	5,564
Food & Water	6,458	5,363	5,056	5,170	5,491	5,405	4,894	5,110
Marine	9,586	8,891	9,173	10,198	10,751	12,058	11,443	12,607
Greenhouse	-	-	-	-	-	-	0	38
Operations & Other	0	0	0	0	0	0	0	10
Total	21,480	19,260	18,969	20,669	21,873	22,860	21,551	23,329

June 30, 2021



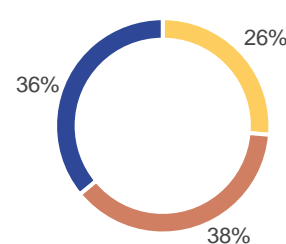
Net sales	2021		2020				2019	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
SEK millions								
Energy	3,123	2,558	3,247	2,922	2,979	3,039	3,961	3,515
Food & Water	3,458	3,116	3,764	3,291	3,241	3,118	3,938	3,763
Marine	3,394	3,295	3,684	3,515	4,235	4,433	5,017	4,715
Greenhouse	-	-	-	-	-	-	31	45
Operations & Other	0	0	0	0	0	0	17	18
Total	9,975	8,969	10,695	9,728	10,455	10,590	12,964	12,056

Last 12 months



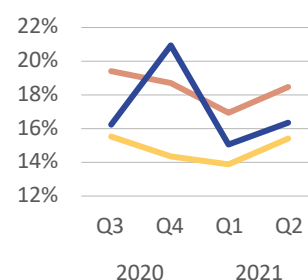
Operating income*	2021		2020				2019	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
SEK millions								
Energy	481	356	464	454	476	488	593	519
Food & Water	641	530	702	638	533	498	664	607
Marine	556	497	775	570	705	708	985	870
Greenhouse	-	-	-	-	-	-	7	-15
Operations & Other	-121	-80	-155	-174	-141	-159	-247	-105
Total	1,557	1,303	1,786	1,488	1,573	1,535	2,002	1,876

Last 12 months



Operating margin*	2021		2020				2019	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
%								
Energy	15.4	13.9	14.3	15.5	16.0	16.1	15.0	14.8
Food & Water	18.5	17.0	18.7	19.4	16.4	16.0	16.9	16.1
Marine	16.4	15.1	21.0	16.2	16.6	16.0	19.6	18.5
Greenhouse	-	-	-	-	-	-	22.6	-33.3
Total	15.6	14.5	16.7	15.3	15.0	14.5	15.4	15.6

Per quarter



* In management accounts, see reconciliation on page 13.

Parent company

The parent company's result after financial items for the first quarter 2021 was SEK 674 (407) 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 -4 (-4) million, cost for annual report and annual general meeting SEK -1 (-1) million and other operating income and operating costs the remaining SEK 1 (3) million.

Parent company income *

SEK millions	Q2		Jan-Jun		Jan-Dec
	2021	2020	2021	2020	2020
Administration costs	-3	-3	-9	-9	-14
Other operating income	-3	1	1	3	5
Other operating costs	0	0	0	0	0
Operating income	-6	-2	-8	-6	-9
Revenues from interests in group companies	682	413	682	413	413
Interest income and similar result items	0	0	0	1	0
Interest expenses and similar result items	-	-1	0	-1	0
Result after financial items	676	410	674	407	404
Change of tax allocation reserve	-	-	-	-	205
Group contributions	-	-	-	-	79
Result before tax	676	410	674	407	688
Tax on this year's result	2	0	2	1	-64
Net income for the period	678	410	676	408	624

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

Parent company financial position

SEK millions	Jun 30		Dec 31
	2021	2020	2020
ASSETS			
Non-current assets			
Shares in group companies	4,669	4,669	4,669
Current assets			
Receivables on group companies	8,497	10,534	10,704
Other receivables	174	154	3
Cash and cash equivalents	69	-	-
	8,740	10,688	10,707
TOTAL ASSETS	13,409	15,357	15,376
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Restricted equity	2,387	2,387	2,387
Unrestricted equity	8,556	10,302	10,518
	10,943	12,689	12,905
Untaxed reserves			
Tax allocation reserves, taxation 2015-2021	2,447	2,652	2,447
Current liabilities			
Liabilities to group companies	15	14	15
Accounts payable	1	-	3
Tax liabilities	-	-	3
Other liabilities	3	2	3
	19	16	24
TOTAL EQUITY AND LIABILITIES	13,409	15,357	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 43,152 (43,194) shareholders on June 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 8.4 to 1.7 percent. These ten largest shareholders owned 60.8 (50.2) 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.

During the second quarter 1,153,000 shares corresponding to 0.3 percent of the issued shares have been repurchased for SEK 330 million.

Acquisitions of businesses

On June 1, 2021 Alfa Laval announced that the company had 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 and amounts to NOK 3,630 million on a debt and cash free basis. 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.

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.

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.

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.

Alfa Laval has a global footprint with 39 major manufacturing units across Europe, Asia, the US and Latin America. The company is a supplier to critical infrastructure industries and has permission to continue production in countries with restrictions and lockdowns. 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. Sourcing shortages for components due to lockdowns have not been a critical problem during the pandemic specifically.

Asbestos-related lawsuits

The Alfa Laval Group was as of June 30, 2021 named as a co-defendant in a total of 604 asbestos-related lawsuits with a total of approximately 604 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

On December 16, 2020, Alfa Laval announced a restructuring program for adapting the organisation to changing market fundamentals. The 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 has been charged in the second quarter 2021. Approximately 600 employees mainly in Europe and North America will be 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 second 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).

"Q2" and "Second quarter" refer to the period April 1 to June 30. "Jan-Jun" and "First six months" refer to the period January 1 to June 30. "Jan-Dec" and "Full year" refer to the period January 1 to December 31. "Last 12 months" refers to the period July 1, 2020 to June 30, 2021. "The corresponding period last year" refers to the second quarter 2020 or the first six 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

Alfa Laval has 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. The signing and closing date was 8 July 2021.

The interim report has been issued at CET 7.30 on July 20, 2021 by the Board of Directors and the President and CEO.

The Board of Directors and the President and CEO assure that the report for the first six months gives a true and fair view of the operations, financial position and results for the company and the consolidated Group and describes material factors of risk and uncertainty facing the company and the companies that are part of the Group.

Lund, July 20, 2021

Dennis Jönsson
Chairman

Lilian Fossum Biner

Maria Moræus Hanssen

Susanne Jonsson

Henrik Lange

Bror Garcia Lantz

Ray Mauritsson

Heléne Mellquist

Henrik Nielsen

Finn Rausing

Jörn Rausing

Ulf Wiinberg

Tom Erixon
President and CEO



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Date for the next financial reports

Alfa Laval will publish financial reports at the following dates:

Interim report for the third quarter 2021	October 26, 2021
Fourth quarter and full year 2021 report	February 2, 2022

This information is information that Alfa Laval AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at CET 7.30 on July 20, 2021.

