



## NEWS RELEASE

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### Alfa Laval to launch a cost reduction program to address the impact of the COVID-19 pandemic

The first quarter of 2020 has started in line with Alfa Laval's expectations, with invoicing and order intake during January and February on about the same level as last year. Although the macro-economic conditions have deteriorated in March, the company believes the impact on its financial performance during the first quarter will be limited.

With the global outbreak of COVID-19 and an increasing number of countries under lock-down, negative effects are expected in the global economy going forward. In this context the company has decided to launch a cost reduction program to proactively address the expected weaker conditions in the next few quarters.

"After a three-year period of major investments in our manufacturing footprint, in a new product program, and in strengthening our global service organization we are prepared to meet a more challenging business environment," says Tom Erixon, President and CEO of the Alfa Laval Group. "Our priority at this point will be to continue to serve our customers and to protect our strong global team of employees. Our cost reduction program is designed with this focus."

The program is expected to start having an effect from April 1 and gradually reach fixed costs savings of above SEK 1 billion on twelve months rolling basis. It includes several key components; work time reduction initiatives, aggressively reduce travel costs, other discretionary spending, and external consultants by putting initiatives on hold. As always, the company will adjust its capacity and variable production cost to prevailing market conditions.

Tom Erixon continues, "In the next quarters, several Alfa Laval employees around the world will participate in various work time reduction initiatives. Consequently, they will also experience a reduction of their compensation package during a transition period. In this context the members of Group Management have decided to implement a reduction of 10 percent of their fixed compensation during the period the cost program is in place."

The implementation of the program is expected to be swift and largely without restructuring charges. The business situation will be monitored continuously, with a new assessment of the cost reduction program planned for the third quarter.

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**Alfa Laval will host telephone conference on March 17 at 2:15 p.m. CET**

To join the telephone conference - hosted by Alfa Laval's President and CEO, Tom Erixon, and CFO, Jan Allde - sign up in advance via the link below. Once registered, you will receive a phone number, a participant pin and a conference pin. Please dial in 10 minutes prior to the scheduled start of the event.

<http://emea.directeventreg.com/registration/5489102>

If you want to listen to the replay, call +44 (0)3333 0097 85, conference ID 5489102. The recording will be available until March 23 at 02:00 a.m. CET. After that, you can go to [www.alfalaval.com/investors](http://www.alfalaval.com/investors) to read the transcript.

**This is Alfa Laval**

Alfa Laval is active in the areas of Energy, Marine, and Food & Water, offering its expertise, products, and service to a wide range of industries in some 100 countries. The company is committed to optimizing processes, creating responsible growth, and driving progress – always going the extra mile to support customers in achieving their business goals and sustainability targets.

Alfa Laval's innovative technologies are dedicated to purifying, refining, and reusing materials, promoting more responsible use of natural resources. They contribute to improved energy efficiency and heat recovery, better water treatment, and reduced emissions. Thereby, Alfa Laval is not only accelerating success for its customers, but also for people and the planet. Making the world better, every day. It's all about Advancing better™.

Alfa Laval has 17,500 employees. Annual sales in 2019 were SEK 46.5 billion (approx. EUR 4.4 billion). The company is listed on Nasdaq OMX.

[www.alfalaval.com](http://www.alfalaval.com)

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