



# NEWS RELEASE

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## Summary of Alfa Laval's Capital Markets Day – Marine update

During Alfa Laval's Capital Markets Day in Copenhagen today, the company gave an overview of the marine business with focus on environmental and energy applications. Alfa Laval communicated its commitment to keep and/or take leading positions within ballast water treatment, solutions for reduction of sulphur emissions, solutions for waste fuel recovery and waste heat recovery.

More stringent marine legislation – global from the International Maritime Organization (IMO), regional in the EU as well as country-based, like from e.g. the US Coast Guards – drives demand for environmental solutions. In addition, high fuel costs and IMO's Energy Efficiency Design Index for new ships, increase the demand for more energy-efficient products and solutions.

During the morning session **Peter Leifland, President for the Marine & Diesel Division**, talked about new growth opportunities for the division, based on both new and well-established products and technologies.

"We see interesting growth opportunities in two areas; environmental applications and energy-saving solutions" Peter Leifland said. "With the acquisition of Aalborg Industries we have further strengthened our position in the marine industry. Today we have both newly launched and existing products to meet current and future legislation. Our offering within the environmental area as well as for energy-saving initiatives, is expected to mitigate the downturn in ordering of new ships at the yards", Peter Leifland said.

He then elaborated on some interesting market opportunities:

### **Ballast water treatment:**

The "International Convention for the Control and Management of Ship's Ballast Water & Sediments." will enter into force one year after ratification by 30 states, representing 35 percent of the world's tonnage. Today 36 states have ratified, representing 29 percent of the world fleet. When ratification will actually take place is dependent on political decisions in individual countries. But, once the convention is ratified Alfa Laval estimates that 35,000 ships will be equipped with ballast water

treatment systems during the following ten years – of which 15,000 are newly built vessels and 20,000 are existing vessels. The estimated average order value per ship is € 200 - 250,000, over time.

Alfa Laval's PureBallast is a market-leading solution, and the world's first chemical-free solution for ballast water treatment, that fully complies with IMO standards. Alfa Laval intends to keep a leading market position.

### **Harmful emissions – SOx**

IMO's convention for the reduction of sulphur oxides (SOx) is already ratified and implemented in some Emission Control Areas (ECAs). The convention demands that sulphur emission levels in these ECAs should be 0.1 percent from the year 2015 and globally the emission level of 0.5 percent has to be met by 2020. It will affect all vessels, i.e. new as well as existing. To reach these levels a ship owner can either use more expensive fuel, with lower sulphur content, or continue running on heavy fuel oil and invest in a scrubber, which is a more cost-efficient solution.

Alfa Laval estimates that 5,000 ships are sailing more than 50 percent in the Northern European ECA. Alfa Laval will, among those ships, focus on existing and new vessels with large engines and estimates that app. 1,000 – 2,000 vessels will be equipped with scrubbers over a period of five years. Alfa Laval expects to book orders in the near term with deliveries to start before the end of 2013.

Alfa Laval's PureSOx is a scrubber solution launched in September 2012 and the average order value is approximately € 2-3 million per ship, excluding installation. Alfa Laval intends to take a market-leading position.

### **Waste fuel recovery**

Fuel costs often add up to more than 50 percent of a ship's running costs. With this in mind Alfa Laval has developed a completely new product; Alfa Laval PureDry, which is a combination of a high-speed separator and a decanter. It is expected to be able to reduce fuel costs onboard ships by up to 2 percent.

The product was recently launched and the price level will be € 120,000. Alfa Laval expects to sell about 100 units in 2013 and estimates that in the long run, Alfa Laval PureDry will be an attractive solution for most oceangoing vessels.

### **Waste heat recovery**

Waste heat recovery systems (WHR) recover energy from the exhaust gases, enabling fuel savings and lower costs. Alfa Laval has two products;

The first one, WHR after the main engines, is an established solution which was added to Alfa Laval's product range through the acquisition of Aalborg Industries. This product currently runs at about € 30-40 million/per annum with good future growth potential. Alfa Laval has, and intends to keep, the market-leading position.

The second one is WHR after the auxiliary engines; a new product launched in September 2012. The average price is EUR 70,000 and Alfa Laval estimates that this product, long term, will be an attractive solution for many oceangoing vessels. Alfa Laval intends to take a market leading position.

### **About Alfa Laval**

Alfa Laval is a leading global provider of specialized products and engineering solutions based on its key technologies of heat transfer, separation and fluid handling.

The company's equipment, systems and services are dedicated to assisting customers in optimizing the performance of their processes. The solutions help them to heat, cool, separate and transport products in industries that produce food and beverages, chemicals and petrochemicals, pharmaceuticals, starch, sugar and ethanol.

Alfa Laval's products are also used in power plants, aboard ships, in the mechanical engineering industry, in the mining industry and for wastewater treatment, as well as for comfort climate and refrigeration applications.

Alfa Laval's worldwide organization works closely with customers in nearly 100 countries to help them stay ahead in the global arena.

Alfa Laval is listed on Nasdaq OMX, and, in 2011, posted annual sales of about SEK 28.6 billion (approx. 3.2 billion Euros). The company has today about 16 000 employees.

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

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