

## **Statement from the Board of Directors concerning the proposed distribution of profits**

According to Chapter 18, Section 4 of the Swedish Companies Act the company's Board of Directors shall issue a reasoned statement as to whether the proposed distribution of profits is justifiable. The statement is to be used as a basis for a resolution on distribution of profits at the Annual General Meeting.

The Alfa Laval Group has during the period 2000 – 2008, according to the Board of Directors, reported considerable stability with regard to profits from operating activities and generation of cash flows from operations. The Group's financial position has continuously improved during the same period.

With regard to the outlook for the future, reference is made to the President's comments in the annual report for 2008.

In order to consider various interests in the company, the Board of Directors is of the opinion that the following key indicators constitute a relevant basis for the evaluation of the proposed distribution of profits that has been submitted to the Annual General Meeting:

- Debt ratio
- Interest coverage ratio
- Net Debt to EBITDA
- Debt profile (unutilised facilities and remaining duration of commitments)
- Unrestricted equity in the parent company

The status of the Alfa Laval Group with regard to the above mentioned key indicators is presented below, as per 31 December 2008 and after payment of the proposed distribution of profits everything else the same.

	31 December 2008	31 December 2008 After distribution of profits
Debt ratio, times	0.20	0.29
Interest coverage ratio, times	26.2	22.6
Net Debt to EBITDA, times	0.33	0.48
Debt profile – unutilised facilities, SEK million	3,461	2,511
Debt profile – remaining duration of commitments in years	3	3
Unrestricted equity in the parent company, SEK million	4,593	3,644

As a matter of information, the equity of the Group has been influenced by market valuation of financial instruments according to Chapter 4, Section 14 a of the Swedish Annual Accounts Act, after tax, with SEK - 352 million.

It is the opinion of the Board of Directors that the Group's financial position is comparable to other Swedish engineering companies with comparable activities, risk profile and size. The Board of Directors also considers that the Group's ability to meet its obligations in the short as well as longer term, inclusive of the need for capital expenditures, will not be negatively influenced by the proposed distribution of profits.

To summarise, the Board of Directors considers that the proposed distribution of profits is justified taking into consideration the demands with respect to size of shareholders' equity which are imposed by the nature, scope and risks associated with the operations and the company's and the Group's need to strengthen the balance sheet, liquidity and financial position in general.

Lund in March 2009

The Board of Directors of Alfa Laval AB (publ)