Fourth quarter and full year 2009

"Order intake was SEK 5.4 billion, a volume increase by 7 percent compared with the third quarter 2009. The increase is primarily explained by a number of large orders in the energy area, whereas the base business was unchanged. Parts & Service grew by 5 percent, mainly driven by slightly higher capacity utilization and the realization of previously postponed maintenance at our customers.

Sales amounted to SEK 6.6 billion, which resulted in a continued strong operating margin of 17.6 percent. The saving effects have been realized ahead of plan. Alfa Laval generated a very strong cash flow of SEK 1.6 billion, due to amongst others a reduced working capital."

Lars Renström, President and CEO

Summary

SEK millions	Fourth quarter 2009	Fourth quarter 2008	%	% *	Full year 2009	Full year 2008	%	% *
Order intake	5,427	6,181	-12	-9	21,539	27,464	-22	-28
Net sales	6,556	8,096	-19	-19	26,039	27,850	-7	-14
Adjusted EBITA	1,153	1,721	-33		4,585	6,160	-26	
- adjusted EBITA margin (%)	17.6	21.3			17.6	22.1		
Result after financial items	899	1,211	-26		3,760	5,341	-30	
Net income for the period	632	870	-27		2,737	3,807	-28	
Earnings per share (SEK)	1.48	2.03	-27		6.42	8.83	-27	
Cash flow **	1,566	877	79		5,347	4,062	32	
Impact on EBITA of:								
- foreign exchange effects	-140	-65			166	-291		

* excluding exchange rate variations ** from operating activities

The Board of Directors will propose a dividend of SEK 2.50 (2.25) per share and a mandate for repurchase of up to 5 percent of the issued shares to the Annual General Meeting.

Outlook for the first quarter

"We expect demand during the first quarter 2010 to be on about the same level as during the fourth quarter 2009."

Earlier published outlook (October 21, 2009): "We expect demand during the fourth quarter to be on about the same level as during the third quarter 2009."

The fourth quarter and full year 2009 report has been reviewed by the company's auditors, see page 22 for the review report.

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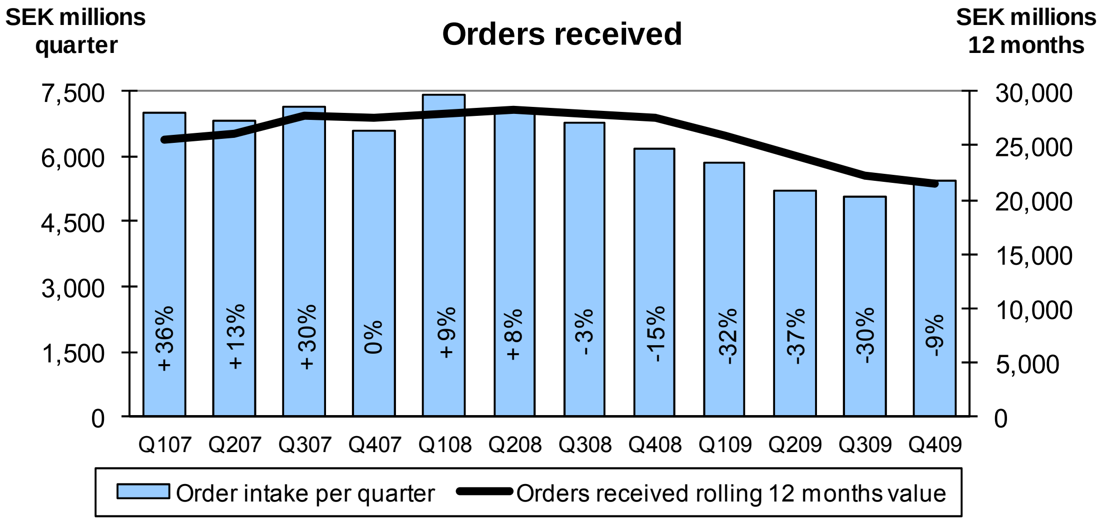
Management's discussion and analysis



% = change by quarter compared to corresponding period last year, at constant rates

Order bridge

SEK millions	Fourth quarter 2008	Structural change (%)	Currency effects (%)	Organic development (%)	Total (%)	Fourth quarter 2009
Order intake	6,181	3.1	-2.8	-12.5	-12.2	5,427

Orders received amounted to SEK 5,427 (6,181) million for the fourth quarter. Excluding exchange rate variations, the order intake for the Group was 9.4 percent lower than the fourth quarter last year. Adjusted for acquisitions of businesses [1)] the corresponding figure is a decrease by 12.5 percent. This decrease is composed of cancellations in Marine representing 1.9 percent, decrease in Marine order intake representing 3.4 percent and a decrease in order intake in all other segments representing 7.2 percent.

Compared to the third quarter 2009 orders received has increased by 6.6 percent excluding exchange rate variations and increased by 5.2 percent if also acquisitions of businesses are excluded.

Orders received amounted to SEK 21,539 (27,464) million during 2009. Excluding exchange rate variations, the order intake for the Group was 28.1 percent lower than last year. Adjusted for acquisitions of businesses [1)], the corresponding figure is a decrease by 30.3 percent.

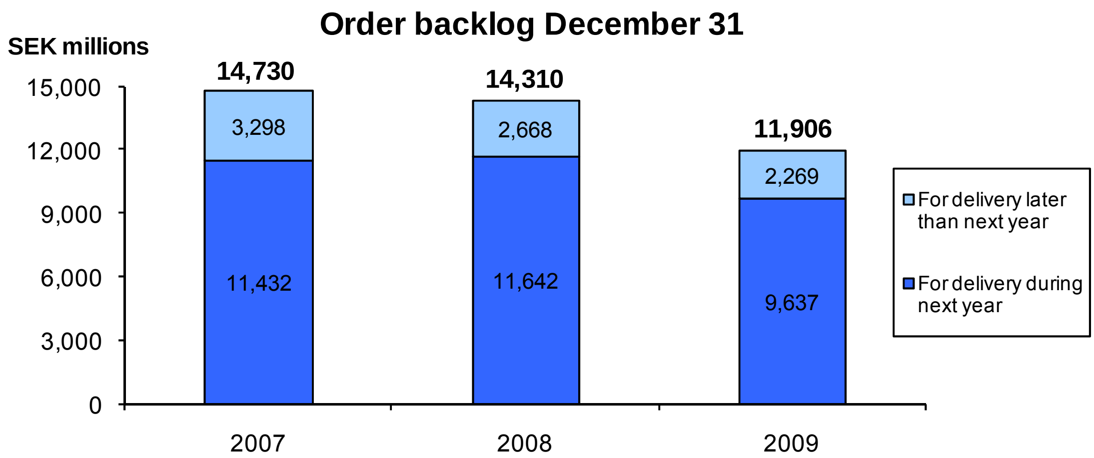
Excluding exchange rate variations, orders received from the aftermarket "Parts & Service" decreased by 11.1 percent during 2009 compared to last year. Its relative share of the Group's total orders received was 28.3 (22.7) percent. The corresponding order intake for the fourth quarter 2009 meant an increase by 5.3 percent compared to the third quarter 2009.

1. Acquired businesses are: LHE Co. Ltd at September 1, 2009, PHE Indústria e Comércio de Equipamentos Ltda at August 1, 2009, HES at February 1, 2009, Onnuri Industrial Machinery at January 16, 2009, two providers of parts and service at January 14, 2009, Hutchison Hayes Separation at August 15, 2008, Pressko at July 31, 2008, Standard Refrigeration at June 1, 2008, Høyer Promix at February 11, 2008

Large orders [1] in the fourth quarter:

During the fourth quarter 2009 Alfa Laval received large orders for SEK 480 (335) million:

- An order from PetroVietnam Group for equipment and engineering solutions to an ethanol production plant in central Vietnam. The order value is about SEK 100 million. Delivery is scheduled for 2010.
- Another order from PetroVietnam Group for equipment and engineering solutions to an ethanol production plant in northern Vietnam. The order value is about SEK 100 million. Delivery is scheduled for 2010.
- An order for plate heat exchangers and filters for cooling duties in two new nuclear power reactors in China. The order value is about SEK 130 million and delivery is scheduled to be completed by 2011.
- An order for Alfa Laval Packinox heat exchangers for an integrated refinery and petrochemical complex in China. The order value is about SEK 90 million and delivery is scheduled for 2010.
- An order for Alfa Laval Packinox heat exchangers from an Algerian refinery. The order value is about SEK 60 million. Delivery is scheduled for 2011.



The order backlog at December 31, 2009 was SEK 11,906 (14,310) million. Excluding exchange rate variations and adjusted for acquisitions of businesses the order backlog was 27.7 percent lower than the order backlog at the end of 2008.

Net sales

Sales bridge

SEK millions	Fourth quarter 2008	Structural change (%)	Currency effects (%)	Organic development (%)	Total (%)	Fourth quarter 2009
Net sales	8,096	3.8	-0.5	-22.3	-19.0	6,556

Net invoicing was SEK 6,556 (8,096) million for the fourth quarter. Excluding exchange rate variations, the invoicing was 18.5 percent lower than the fourth quarter last year. Adjusted for acquisitions of businesses the corresponding figure is a decrease by 22.3 percent.

Net invoicing was SEK 26,039 (27,850) million during 2009. Excluding exchange rate variations, the invoicing was 14.4 percent lower than last year. Adjusted for acquisitions of businesses, the corresponding figure is a decrease by 17.3 percent.

1. Orders with a value over EUR 5 million.

CONSOLIDATED COMPREHENSIVE INCOME

	Fourth quarter		Full year	
SEK millions	2009	2008	2009	2008
Net sales	6,556	8,096	26,039	27,850
Cost of goods sold	-4,119	-4,905	-16,411	-16,481
Gross profit	2,437	3,191	9,628	11,369
Sales costs	-804	-902	-3,179	-3,194
Administration costs	-278	-368	-1,132	-1,239
Research and development costs	-182	-215	-654	-718
Other operating income *	183	284	442	522
Other operating costs *	-301	-502	-1,075	-1,004
Operating income	1,055	1,488	4,030	5,736
Dividends and fair value adjustments	-4	0	-1	2
Interest income and financial exchange rate gains	22	139	404	397
Interest expense and financial exchange rate losses	-174	-416	-673	-794
Result after financial items	899	1,211	3,760	5,341
Taxes	-267	-341	-1,023	-1,534
Net income for the period	632	870	2,737	3,807
Other comprehensive income:				
Cash flow hedges	53	-425	551	-515
Translation difference	182	804	-392	850
Deferred tax on other comprehensive income	-16	112	-175	163
Comprehensive income for the period	851	1,361	2,721	4,305
Net income attributable to:				
Equity holders of the parent	624	862	2,710	3,774
Minority interests	8	8	27	33
Earnings per share (SEK)	1.48	2.03	6.42	8.83
Average number of shares **	422,039,466	423,695,476	422,039,466	427,500,307
Comprehensive income attributable to:				
Equity holders of the parent	831	1,340	2,684	4,261
Minority interests	20	21	37	44

* The line has been affected by comparison distortion items, see separate specification on page 6.

** Average number of shares has been affected by repurchase of shares and the 4:1 split.

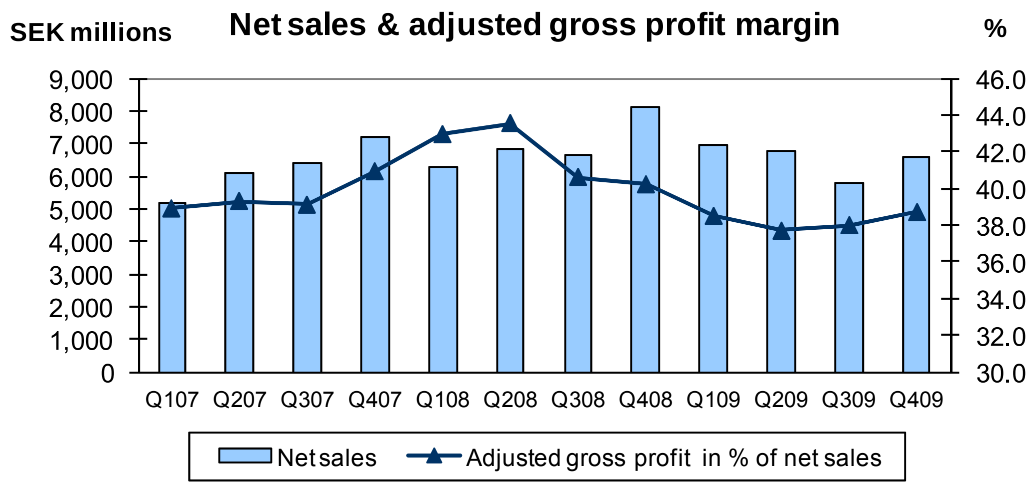
Sales and administration expenses amounted to SEK 4,311 (4,433) million during 2009. Adjusted for exchange rate variations and acquisitions of businesses, sales and administration expenses were 13.6 percent lower than last year.

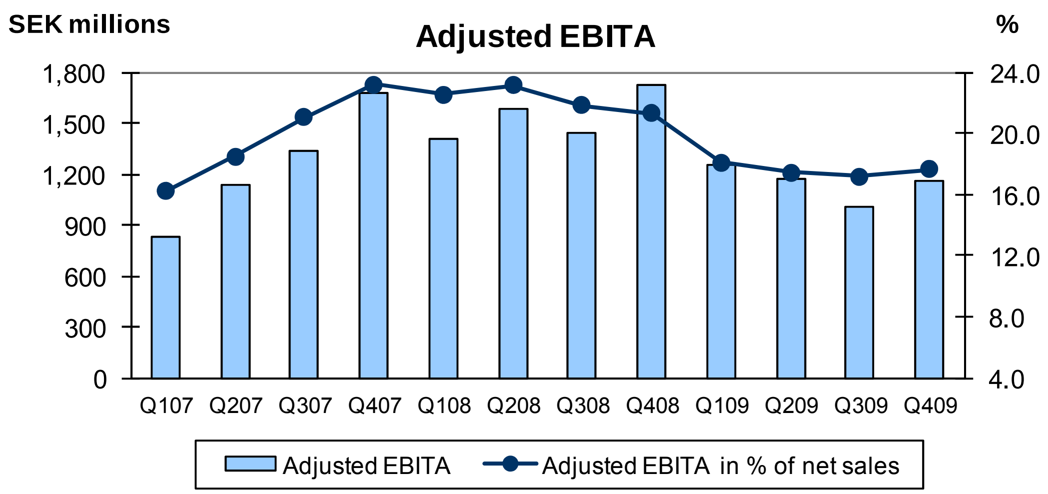
The costs for research and development have amounted to SEK 654 (718) million during 2009, corresponding to 2.5 (2.6) percent of net sales. Adjusted for exchange rate variations and acquisitions of businesses, the costs for research and development have decreased by 14.0 percent compared to last year.

Consolidated	Income analysis			
	Fourth quarter		Full year	
SEK millions	2009	2008	2009	2008
Net sales	6,556	8,096	26,039	27,850
Adjusted gross profit *	2,535	3,256	9,958	11,625
- in % of net sales	***38.7***	***40.2***	***38.2***	***41.7***
Expenses **	-1,276	-1,435	-4,982	-5,161
- in % of net sales	*19.5*	*17.7*	*19.1*	*18.5*
Adjusted EBITDA	**1,259**	**1,821**	**4,976**	**6,464**
- in % of net sales	*19.2*	*22.5*	*19.1*	*23.2*
Depreciation	-106	-100	-391	-304
Adjusted EBITA	**1,153**	**1,721**	**4,585**	**6,160**
- in % of net sales	***17.6***	***21.3***	***17.6***	***22.1***
Amortisation of step up values	-98	-65	-330	-256
Comparison distortion items	-	-168	-225	-168
Operating income	1,055	1,488	4,030	5,736

* Excluding amortisation of step up values. ** Excluding comparison distortion items.

The adjusted result after tax and the minority's share of the result, excluding depreciation of step-up values and the corresponding tax, is SEK 7.00 (9.26) per share.





Consolidated	Comparison distortion items			
	Fourth quarter		Full year	
SEK millions	2009	2008	2009	2008
Operational				
Other operating income	183	182	442	420
Comparison distortion income	-	102	-	102
Total other operating income	183	284	442	522
Other operating costs	-301	-232	-850	-734
Comparison distortion costs	-	-270	-225	-270
Total other operating costs	-301	-502	-1,075	-1,004

The operating income has been affected by comparison distortion items of SEK -225 (-168) million. In the income statement these are reported gross as a part of other operating income and other operating costs. The second quarter 2009 was burdened with a cost of SEK 225 million for restructuring measures, see further comments below.

In 2008 a property in Brazil was sold for SEK 113 million with a realised gain of SEK 102. The costs for the restructuring programme burdened 2008 with SEK -270 million.

Update on measures to adjust capacity and costs

During the fourth quarter the work to adjust capacity and costs to the decreased demand continued. The measures communicated on January 12 and July 16, 2009 mean a personnel reduction equivalent to the costs for 1,700 FTEs compared to September 2008. The reduction is partly implemented through work sharing. As per December 31, 2009 a reduction equivalent to about 1,400 FTEs has been completed. For the personnel reductions and other saving measures communicated in January full effect has been achieved during the fourth quarter 2009. For the additional measures initiated during the second quarter full effect is expected to be achieved from the first quarter 2010. Altogether the measures are estimated to give yearly savings in excess of SEK 900 million. During the fourth quarter 2009 a saving of approximately SEK 260 million was achieved.

Consolidated financial result and taxes

The financial net has amounted to SEK -208 (-181) million, excluding realised and unrealised exchange rate losses and gains. The main elements of costs were interest on debt to the banking syndicate of SEK -58 (-94) million, interest on the private placement of SEK -35 (-44) million and a net of dividends and other interest income and interest costs of SEK -115 (-43) million. The net of realised and unrealised exchange rate differences amounts to SEK -62 (-214) million.

Consolidated	Key figures	
	December 31	
	2009	2008
Return on capital employed (%) *	33.6	53.8
Return on equity capital (%) *	24.5	42.8
Solidity (%) **	46.7	36.1
Net debt to EBITDA, times *	0.1	0.3
Debt ratio, times **	0.04	0.20
Number of employees **	11,390	12,119

* Calculated on a 12 months' revolving basis.

** At the end of the period.

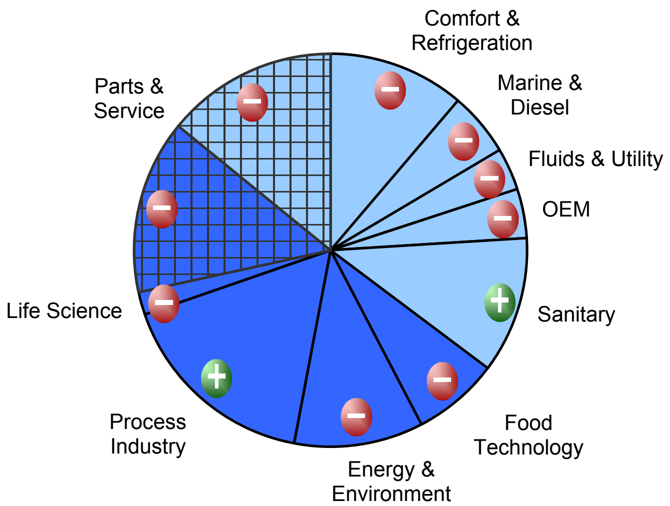
Operating segments

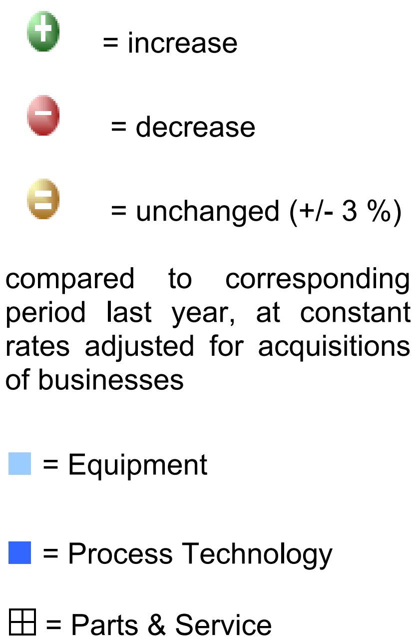
Consolidated	Orders received			
	Fourth quarter		Full year	
SEK millions	2009	2008	2009	2008
Equipment	2,713	3,309	11,751	15,804
Process Technology	2,713	2,864	9,767	11,636
Other	1	8	21	24
Total	5,427	6,181	21,539	27,464

Excluding exchange rate variations, orders received for Equipment decreased by 31.8 percent and net sales decreased by 13.9 percent during 2009 compared to last year. Adjusted for acquisitions of businesses, the corresponding figures are a decrease by 34.7 percent and 17.6 percent respectively.

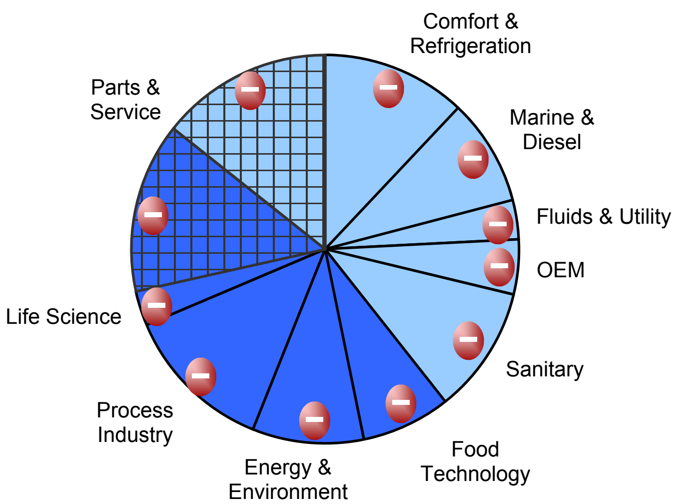
Excluding exchange rate variations, orders received for Process Technology decreased by 23.1 percent and net sales decreased by 14.8 percent during 2009 compared to last year. Adjusted for acquisitions of businesses, the corresponding figures are a decrease by 24.3 percent and 16.7 percent respectively.

Orders received by customer segment Q4 2009





Orders received by customer segment 2009



When comparing the fourth quarter 2009 to the third quarter 2009, in addition to Process Industry and Sanitary also Energy & Environment, Parts & Service for both divisions and Fluids & Utility show a plus sign (i.e. growth), Comfort & Refrigeration an equals sign and the rest a minus sign.

Equipment *(all comments are after adjustment for exchange rate fluctuations)*

Order intake for the Equipment division declined in the fourth quarter compared to the corresponding quarter last year, mainly due to continued low demand in the marine sector. Compared to the previous quarter the order intake was only slightly lower, supported by a good development for Sanitary and Fluids & Utility.

Sanitary showed a strong development in the fourth quarter compared to both the same period last year and the previous quarter, boosted by a solid demand from the pharmaceutical and personal care industries. Meanwhile Fluids & Utility reported a substantial increase from the previous quarter, even as it declined compared to the fourth quarter last year following low capacity utilization in the metal-working sector.

Order intake for Comfort & Refrigeration declined in the fourth quarter compared to the same period last year, due to continued low construction activity across most regions. Compared to the previous quarter orders were unchanged, partly supported by a strong demand for heat exchanger systems and components for district heating circuits in Russia and China.

OEM’s order intake was substantially below the corresponding quarter of 2008, but only slightly lower than the third quarter. The segment noted an increased demand for new applications among industrial OEM’s while demand for heat-pumps declined following the removal of certain subsidies.

Low contracting levels in the shipbuilding industry continued to have a negative impact on Marine, as did cancellations. There were exceptions though, as demand grew for products contributing to energy efficiency and environmental improvements in the marine area. Meanwhile the negative financial climate affected investments in diesel power plants. As a whole the Marine & Diesel segment therefore declined compared to both the fourth quarter last year and the previous quarter.

Order intake for Parts & Service dropped compared to the fourth quarter last year as a consequence of a drop in demand for marine upgrades and a lower utilization rate throughout industries. Compared to the third quarter order intake grew somewhat as customers’ utilization rates gradually improved.

Process Technology *(all comments are after adjustment for exchange rate fluctuations)*

Order intake for the Process Technology division showed a slight contraction in the fourth quarter compared to the corresponding period last year. Compared to the third quarter the division’s order intake was up substantially. This was primarily a result of an increase in large projects, especially in Process Industry. A positive development was also noted in the base business *.

In Process Industry order intake grew as a result of several large bio fuel projects being secured. Metals and paper declined some compared to the fourth quarter last year, but showed clear growth compared to the third quarter. Petrochemicals were also lower compared to the fourth quarter last year, as was Refinery. The latter was however unchanged from the third quarter as customers continued to invest in new capacity and in energy efficiency improvements.

* Base business and base orders refer to orders with an order value of less than EUR 0.5 million.

Environment did well compared to both the fourth quarter last year and the third quarter 2009 and reported a continued good order intake, especially for waste water applications. At the same time Power showed a significant increase from the third quarter due to orders for the nuclear power industry, although still below the fourth quarter 2008 levels. Energy and Environment as a whole also showed a significant increase compared to the third quarter. However, compared to the fourth quarter last year it declined as a result of continued restrictive investment behaviour primarily in the oil and gas industries. Food Technology declined somewhat compared to the corresponding quarter last year as a result of continued brewery consolidation. This was partly compensated by a strong development for vegetable oil, which benefitted from larger investments in particular in Asia.

The Parts & Service segment was also slightly lower compared to the fourth quarter last year due to lower activity following short-term capacity closures at major customers. Compared to the third quarter it still was an improvement.

Consolidated	**Net sales**			
	Fourth quarter		Full year	
SEK millions	2009	2008	2009	2008
Equipment	3,526	4,349	14,665	15,657
Process Technology	3,014	3,734	11,350	12,143
Other	16	13	24	50
Total	6,556	8,096	26,039	27,850

The orders received and the net invoicing during the period have resulted in the following order backlog:

Consolidated	**Order backlog**	
	December 31	
SEK millions	2009	2008
Equipment	6,399	7,926
Process Technology	5,486	6,365
Other	21	19
Total	11,906	14,310

Consolidated	**Operating income**			
	Fourth quarter		Full year	
SEK millions	2009	2008	2009	2008
Equipment	589	902	2,530	3,602
Process Technology	631	802	2,040	2,756
Other	-19	-79	-138	-395
Subtotal	1,201	1,625	4,432	5,963
Comparison distortion items	-	-168	-225	-168
Consolidation adjustments *	-146	31	-177	-59
Total	1,055	1,488	4,030	5,736

* Difference between management accounts and IFRS

The decrease in operating income for both Equipment and Process Technology during 2009 compared to last year is mainly explained by a lower gross profit due to decreased margins and volume, partially offset by positive foreign exchange effects and lower costs.

Consolidated	Assets		Liabilities	
	December 31		December 31	
SEK millions	2009	2008	2009	2008
Equipment	9,428	8,808	1,987	1,935
Process Technology	8,289	9,129	4,643	4,854
Other	4,507	6,149	1,866	2,980
Subtotal	22,224	24,086	8,496	9,769
Corporate	3,982	4,946	5,481	8,770
Total	26,206	29,032	13,977	18,539

Consolidated	Depreciation			
	Fourth quarter		Full year	
SEK millions	2009	2008	2009	2008
Equipment	68	36	200	134
Process Technology	44	36	153	107
Other	92	93	368	319
Total	204	165	721	560

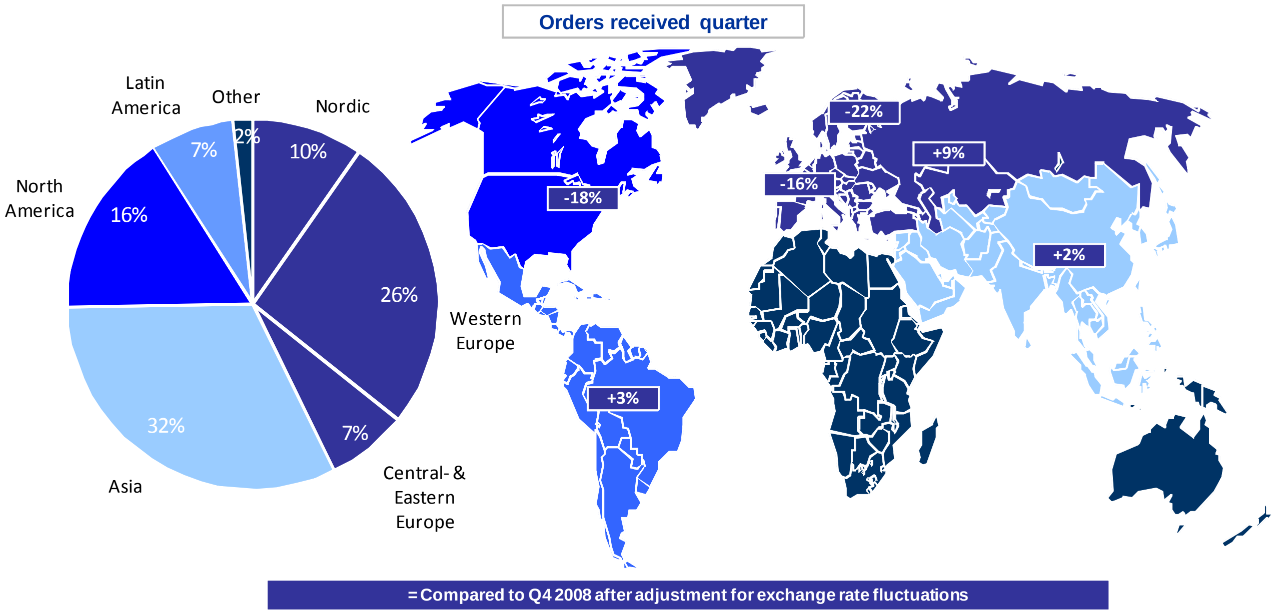
Consolidated	Investments			
	Fourth quarter		Full year	
SEK millions	2009	2008	2009	2008
Equipment	35	34	91	87
Process Technology	29	96	113	215
Other	83	163	247	445
Total	147	293	451	747

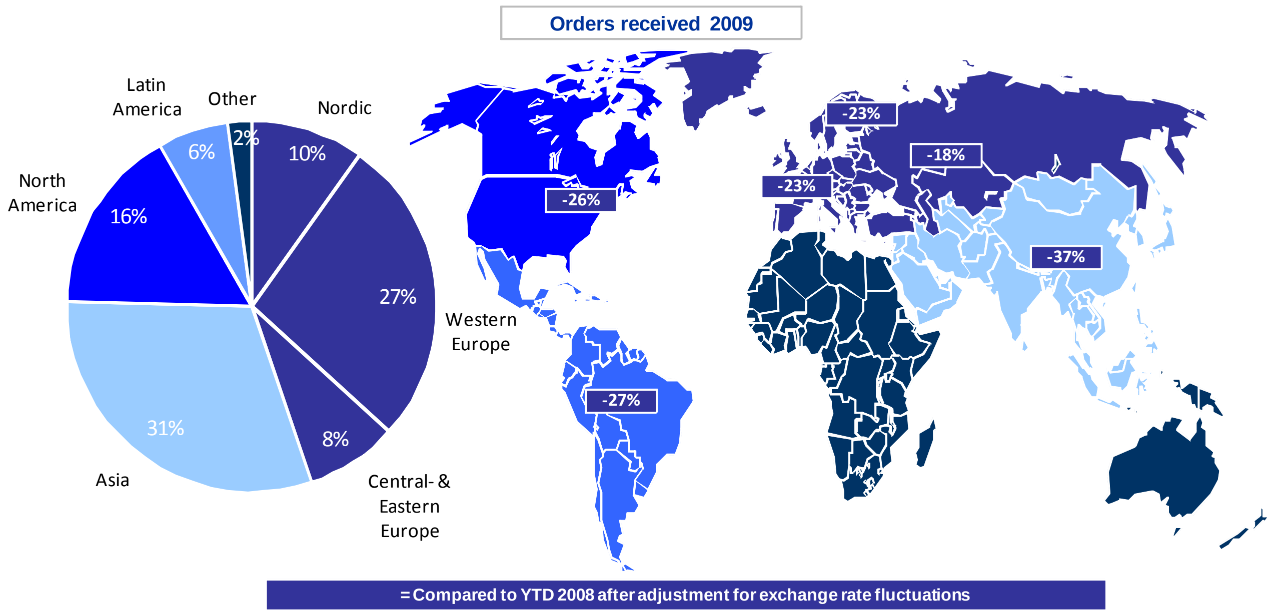
Information about products and services

Consolidated	Net sales by product/service *			
	Fourth quarter		Full year	
SEK millions	2009	2008	2009	2008
Own products within:				
Separation	1,685	2,008	6,586	6,391
Heat transfer	3,373	4,484	13,866	16,023
Fluid handling	610	620	2,427	2,426
Other	134	123	615	349
Associated products	384	497	1,339	1,553
Services	370	364	1,206	1,108
Total	6,556	8,096	26,039	27,850

* The split of own products within separation, heat transfer and fluid handling is a reflection of the current three main technologies. Other is own products outside these main technologies. Associated products are mainly purchased products that compliment Alfa Laval's product offering. Services cover all sorts of service, service agreements etc.

Information about geographical areas





All comments are after adjustment for exchange rate fluctuations.

Western Europe including Nordic

In the fourth quarter orders received were considerably below the corresponding quarter 2008, with the exception of France. All segments reported a decline in the period except Energy and Environment, which grew.

Compared to the third quarter 2009 order intake grew substantially in all sales regions except the Adriatic, which showed a decline and Mid Europe, which was unchanged. Both the base business * and orders for Parts & Service had a positive development and grew compared to the previous quarter.

* Base business and base orders refer to orders with an order value of less than EUR 0.5 million.

Central and Eastern Europe

Central & Eastern Europe showed signs of recovery with a small increase in orders in the fourth quarter compared to the corresponding period last year. Poland, the Baltic countries as well as Russia showed good development, as did Comfort & Refrigeration and Sanitary among the segments.

The region as a whole was down from the third quarter 2009 despite an increase in the base business. This was due to some very large orders that were booked in Russia in the previous period.

North America

Order intake in the region was substantially lower in the fourth quarter than the corresponding period last year. This was visible in all segments with the exception of Parts & Service and Energy & Environment which both were unchanged.

Compared to the third quarter 2009 order intake grew, mainly boosted by the development for Sanitary, Energy & Environment and Process Industry. The base business remained unchanged from the third quarter.

Latin America

Order intake in Latin America was slightly higher in the fourth quarter compared to both the corresponding quarter last year and the previous quarter. The positive development was noted in Mexico, Argentina, Brazil and Peru, mainly due to growth in Food Technology and Process Industry.

Asia

The region reported a small improvement in order intake in the fourth quarter compared to the corresponding period last year, with a particularly good development in China, India and South East Asia. The base business was also up from the corresponding quarter 2008.

Sanitary continued to show a good development in most Asian countries. At the same time Food Technology was boosted by vegetable oil related orders in India and South East Asia and Process Industry benefitted from ethanol projects in Vietnam as well as pulp and paper projects in India. Parts & Service reported a decline in the period, mainly due to a drop in demand for marine upgrades.

Compared to the third quarter order intake in the region rose somewhat driven by large projects. The base business declined slightly influenced by the development in the marine industry.

Consolidated	Net sales			
	Fourth quarter		Full year	
SEK millions	2009	2008	2009	2008
To customers in:				
Sweden	233	293	840	961
Other EU	2,026	2,537	7,941	9,339
Other Europe	448	612	1,829	2,402
USA	753	1,162	3,736	3,680
Other North America	196	218	575	711
Latin America	416	456	1,432	1,711
Africa	62	82	259	229
China	803	836	2,876	2,935
Other Asia	1,538	1,762	6,238	5,467
Oceania	81	138	313	415
Total	6,556	8,096	26,039	27,850

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

Consolidated	Non-current assets	
	December 31	
SEK millions	2009	2008
Sweden	1,725	1,780
Other EU	4,745	4,769
Other Europe	379	174
USA	1,935	2,258
Other North America	128	116
Latin America	178	105
Africa	1	1
Asia	3,039	1,557
Oceania	90	77
Subtotal	12,220	10,837
Pension assets	136	140
Deferred tax asset	1,367	1,218
Total	13,723	12,195

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 about 4 percent of net sales.

CONSOLIDATED CASH FLOWS

	Fourth quarter		Full year	
SEK millions	2009	2008	2009	2008
Cash flow from operating activities				
Operating income	1,055	1,488	4,030	5,736
Adjustment for depreciation	204	165	721	560
Adjustment for other non-cash items	-91	-909	37	-879
	1,168	744	4,788	5,417
Taxes paid	-298	-424	-1,533	-1,868
	870	320	3,255	3,549
Changes in working capital:				
Increase(-)/decrease(+) of receivables	308	127	1,776	87
Increase(-)/decrease(+) of inventories	503	176	1,439	-192
Increase(+)/decrease(-) of liabilities	-76	-49	-1,233	264
Increase(+)/decrease(-) of provisions	-39	303	110	354
(Increase)/decrease in working capital	**696**	**557**	**2,092**	**513**
	1,566	877	5,347	4,062
Cash flow from investing activities				
Investments in fixed assets (Capex)	-147	-293	-451	-747
Divestment of fixed assets	2	140	8	140
Acquisition of businesses	66	-44	-2,177	-726
	-79	-159	-2,620	-1,333
Cash flow from financing activities				
Received interests and dividends	9	129	32	219
Paid interests	-56	-106	-292	-266
Realised financial exchange differences	-65	-123	-5	-245
Repurchase of shares	-	-180	-	-766
Dividends to owners of parent company	-	-	-949	-963
Dividends to minority owners in subsidiary	-	-9	-6	-20
Increase(-)/decrease(+) of financial assets	32	-363	213	-380
Increase(+)/decrease(-) of borrowings	-1,530	-38	-1,660	-178
	-1,610	-690	-2,667	-2,599
Cash flow for the period	-123	28	60	130
Cash and bank at the beginning of the period	1,207	976	1,083	856
Translation difference in cash and bank	28	79	-31	97
Cash and bank at the end of the period	1,112	1,083	1,112	1,083
Free cash flow per share (SEK) *	3.52	1.69	6.46	6.38
Capex in relation to sales	2.2%	3.6%	1.7%	2.7%
Average number of shares **	422,039,466	423,695,476	422,039,466	427,500,307

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

** Average number of shares has been affected by repurchase of shares.

During 2009 cash flows from operating and investing activities were affected by the large acquisitions of businesses but still amounted to SEK 2,727 (2,729) million. Depreciation, excluding allocated step-up values, was SEK 391 (304) million during 2009, whereas investments in fixed assets were SEK 451 (747) million.

CONSOLIDATED FINANCIAL POSITION

SEK millions	December 31 2009	2008
ASSETS		
Non-current assets		
Intangible assets	8,633	7,273
Property, plant and equipment	3,548	3,546
Other non-current assets	1,542	1,376
	13,723	12,195
Current assets		
Inventories	4,485	5,972
Accounts receivable	4,123	5,706
Other receivables	2,130	2,941
Derivative assets	331	591
Other current deposits	302	544
Cash and bank *	1,112	1,083
	12,483	16,837
TOTAL ASSETS	26,206	29,032
SHAREHOLDERS' EQUITY AND LIABILITIES		
Equity		
Shareholders' equity	12,113	10,378
Minority interest	116	115
	12,229	10,493
Non-current liabilities		
Liabilities to credit institutions	832	2,538
Private placement	794	856
Provisions for pensions and similar commitments	920	990
Provision for deferred tax	1,390	1,161
Other provisions	439	403
	4,375	5,948
Current liabilities		
Liabilities to credit institutions	165	247
Accounts payable	1,833	2,700
Advances from customers	2,019	2,444
Other provisions	1,926	1,849
Other liabilities	3,372	4,142
Derivative liabilities	287	1,209
	9,602	12,591
Total liabilities	13,977	18,539
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	26,206	29,032

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

Cash, bank and current deposits include bank and other deposits in the publicly listed subsidiary Alfa Laval (India) Ltd of SEK 250 (111) million. The company is not a wholly owned subsidiary of the Alfa Laval Group. It is owned to 88.8 (76.7) percent.

Consolidated	Borrowings and net debt	
	December 31	
SEK millions	2009	2008
Credit institutions	997	2,785
Private placement	794	856
Capitalised financial leases	154	58
Interest-bearing pension liabilities	2	2
Total debt	1,947	3,701
Cash, bank and current deposits	-1,414	-1,627
Net debt	533	2,074

Alfa Laval has a senior credit facility with a banking syndicate of EUR 268 million and USD 348 million, corresponding to SEK 5,275 million. At December 31, 2009, SEK 475 million of the facility were utilised. The facility matures in April 2012.

The private placement of USD 110 million matures in 2016.

CHANGES IN CONSOLIDATED EQUITY

	Full year	
SEK millions	2009	2008
At the beginning of the period	10,493	7,937
Changes attributable to:		
Equity holders of the parent		
Comprehensive income		
Comprehensive income for the period	2,684	4,261
Transactions with shareholders		
Repurchase of shares	-	-766
Dividends	-949	-963
	-949	-1,729
Subtotal	1,735	2,532
Minority		
Comprehensive income		
Comprehensive income for the period	37	44
Transactions with shareholders		
Decrease of minority in Alfa Laval (India) Ltd	-65	-
Minority in acquired company	35	-
Dividends	-6	-20
	-36	-20
Subtotal	1	24
At the end of the period	12,229	10,493

Ownership and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 33,780 (28,078) shareholders on December 31, 2009. The largest owner is Tetra Laval B.V., the Netherlands who owns 18.7 (18.4) percent. The increase in ownership is due to the cancellation of the shares repurchased by the company. Next to the largest owner there are nine institutional investors with ownership in the range of 7.7 to 1.5 percent. These ten largest shareholders own 48.0 (45.9) percent of the shares.

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 how deep and long lasting the business cycle driven downturn in the demand for the company's products will be. It is the company's opinion that the description of risks made in the Annual Report for 2008 is still correct. For additional information reference is made to the coming Annual report for 2009.

Asbestos-related lawsuits

The Alfa Laval Group was as of December 31, 2009, named as a co-defendant in a total of 444 asbestos-related lawsuits with a total of approximately 564 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.

Purchase of businesses

On September 1, 2009 Alfa Laval acquired 90 percent of the shares in LHE Co., Ltd in South Korea – a leading heat exchanger company in South Korea. The company targets the compact plate heat exchanger market, with sales of about SEK 750 million in 2008 and some 170 employees. LHE will continue to offer its own product range, under the LHE brand, through its own sales network.

On August 14, 2009 Alfa Laval acquired PHE Indústria e Comércio de Equipamentos Ltda. in Brazil, a company that services plate heat exchangers in a variety of industries. The company had sales of about SEK 45 million in 2008 and some 35 employees. It will be integrated into Tranter. The company will be consolidated in the Alfa Laval Group from August 1, 2009.

The public offer to purchase an additional 13 percent of Alfa Laval (India) Ltd opened on January 14, 2009 and closed on February 2, 2009. The initial offer of 950 rupees per share was raised to 1,000 rupees per share on January 20, 2009. The result of the offer was that owners of almost 2.2 million shares corresponding to approximately 12 percent of the total number of shares accepted to sell their shares. This means that the ownership in the Indian subsidiary has increased from 76.7 percent to 88.8 percent. The total cost for the acquisition was SEK 376 million. Alfa Laval has been present in India since 1937. During 2008 Alfa Laval (India) Ltd. had an order intake of SEK 1,030 million and an average of 1,190 employees.

On February 1, 2009 Alfa Laval acquired HES GmbH Heat Exchanger Systems in Germany, a company with focus on spiral heat exchangers mainly to the process industry. The company had sales of about SEK 85 million in 2008 and some 45 employees and will be integrated into Tranter.

On January 16, 2009 Alfa Laval acquired Onnuri Industrial Machinery Co., Ltd., a South Korean system provider to the shipbuilding and diesel power markets. The company had sales of about SEK 150 million in 2008 and some 40 employees. Onnuri will remain a separate company as it will continue to offer its own systems under the Onnuri brand.

On January 14, 2009 Alfa Laval announced that it had acquired one company and signed an agreement to acquire another, both major providers of parts and service for a variety of products, applications and geographical areas. Their combined sales during 2008 were about SEK 300 million. Both companies will remain separate organisations as they continue to offer their own products and services to the industry, under their own brands. One company is consolidated in the Alfa Laval Group from January 1, 2009 and the other company from January 30, 2009.

Parent company

The parent company's result after financial items was SEK 4,079 (3,133) million, out of which dividends from subsidiaries were SEK 3,201 (2,201) million, group contributions SEK 878 (844) million, net interests SEK 11 (36) million, realised and unrealised exchange rate gains and losses SEK -10 (10) million, consideration from external captive SEK 14 (55), costs related to the listing SEK -2 (-3) million, fees to the Board SEK -5 (-4) million, cost for annual report and annual general meeting SEK -4 (-3) million and other administration costs the remaining SEK -4 (-3) million.

PARENT COMPANY INCOME *

	Fourth quarter		Full year	
SEK millions	2009	2008	2009	2008
Administration costs	-4	-6	-11	-13
Other operating income	-	55	14	55
Other operating costs	-1	1	-4	0
Operating income/loss	-5	50	-1	42
Dividends	3,000	-	3,201	2,201
Group contributions **	878	844	878	844
Interest income and similar result items	3	29	23	50
Interest expenses and similar result items	-1	0	-22	-4
Result after financial items	3,875	923	4,079	3,133
Appropriation to tax allocation reserve	-225	-239	-225	-239
Income tax	-176	-197	-177	-200
Net income for the period	3,474	487	3,677	2,694

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

** Group contributions to the parent company were 2008 and earlier reported directly to equity, but since they are the equivalent to dividends they are now reported as financial revenue in the income statement. The comparison figures have been changed correspondingly.

PARENT COMPANY FINANCIAL POSITION

	December 31	
SEK millions	2009	2008
ASSETS		
Non-current assets		
Shares in group companies	4,669	4,669
Current assets		
Receivables on group companies	6,298	3,465
Other receivables	6	253
Cash and bank	-	-
	6,304	3,718
TOTAL ASSETS	10,973	8,387
SHAREHOLDERS' EQUITY AND LIABILITIES		
Equity		
Restricted equity capital	2,387	2,387
Unrestricted equity capital	7,321	4,593
	9,708	6,980
Untaxed reserves		
Tax allocation reserves, taxation 2005-2010	1,202	977
Current liabilities		
Liabilities to group companies	55	236
Accounts payable	0	1
Tax liabilities	8	193
	63	430
TOTAL EQUITY CAPITAL AND LIABILITIES	10,973	8,387

Proposed disposition of earnings

The parent company has unrestricted funds of SEK 7,321 (4,593) million. The figure for 2008 has been affected by the repurchase of shares by SEK -766 million.

The Board of Directors propose a dividend of SEK 2.50 (2.25) per share corresponding to SEK 1,055 (949) million and that the remaining income available for distribution in Alfa Laval AB (publ) of SEK 6,266 (3,644) million be carried forward.

The Board of Directors are of the opinion that the proposed dividend is in line with the requirements that the type and size of operations, the associated risks, the capital needs, liquidity and financial position put on the company.

Proposal on repurchase of shares

Alfa Laval's financial position is very strong. In order to adjust this to a more efficient structure while maintaining financial flexibility, the Board of Directors will propose the Annual General Meeting to mandate the Board to decide on repurchase of the company's shares – if the Board deems this appropriate – until the next Annual General Meeting. The mandate will refer to repurchase of up to 5 percent of the issued shares with the purpose to cancel the repurchased shares and reduce the share capital. The repurchase will be made through transactions on OMX Stockholm Stock Exchange. The company does currently not own any Alfa Laval shares.

Accounting principles

The fourth quarter and full year 2009 report 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.

This means that closing has been affected by the changes in IAS 1 and the implementation of IFRS 8. The changes in IAS 1 mean that items that previously were reported directly against equity now instead are reported in the comprehensive income statement as a part of other comprehensive income. This refers to the items in equity that are not transactions with shareholders, e.g. cash flow hedges and translation differences and deferred tax related to these. Alfa Laval has chosen to report these items as a part of one statement over comprehensive income instead of reporting the result down to net income for the year in one statement and the result below this down to comprehensive income in a separate statement. In addition the titles for the statements have been changed. The implementation of IFRS 8 has meant that the reporting of primary and secondary segment has been replaced by:

- a reporting of operating segments in the way the chief operating decision maker monitors the operations, which may deviate from IFRS and
- information according to IFRS for the company as a whole about products and services as well as geographical areas and information about major customers.

The change from primary segments to operating segments has not meant any major changes in the information, apart from the addition of two reconciliation items between the operating income for the operating segments and the operating income according to IFRS for the company as a whole.

Group contributions to the parent company were 2008 and earlier reported directly to equity, but since they are the equivalent to dividends they are now reported as financial revenue in the income statement in accordance with UFR 2. The comparison figures have been changed correspondingly.

Fourth quarter refers to the period October 1 to December 31. Full year refers to the period January 1 to December 31.

In the report the measures adjusted EBITA and adjusted EBITDA are used. Adjusted EBITA is defined as earnings before interests, taxes, amortisation of step up values and comparison distortion items. Adjusted EBITDA is defined as earnings before interests, taxes, depreciation, amortisation of step up values and comparison distortion items.

Reporting of operating segments

Alfa Laval's business is divided into the two business divisions ”Equipment” and ”Process Technology” that sell to external customers and one division “Other” covering procurement, production and logistics as well as corporate overhead and non-core businesses. These three divisions constitute Alfa Laval’s three operating segments.

The business divisions (operating segments) are in turn split into a number of customer segments. The customers to the Equipment division purchase products whereas the customers to the Process Technology division purchase solutions for processing applications. The Equipment division consists of six customer segments: Comfort & Refrigeration, Fluids & Utility Equipment, Marine & Diesel, OEM (Original Equipment Manufacturers), Sanitary Equipment and the aftermarket segment Parts & Service. The Process Technology division consists of five customer segments: Energy &

Environment, Food Technology, Life Science, Process Industry and the aftermarket segment Parts & Service.

The operating segments are only responsible for the result down to and including operating income excluding comparison distortion items and for the operating capital they are managing. This means that financial assets and liabilities, pension assets, provisions for pensions and similar commitments and current and deferred tax assets and liabilities are a Corporate responsibility and not an operating segment responsibility. This also means that the financial net and income taxes are a Corporate responsibility and not an operating segment responsibility.

The operating segments are only measured based on their transactions with external parties.

Date for the next financial reports

Alfa Laval will publish interim reports during 2010 at the following dates:

Interim report for the first quarter	April 26
Interim report for the second quarter	July 20
Interim report for the third quarter	October 21

Events after the closing date

Two acquisitions of businesses have been completed in January 2010. For further information reference is made to the issued press releases.

The statements on financial position and the comprehensive income statements will be adopted at the Annual General Meeting of shareholders on April 26, 2010.

Annual General Meeting

The Annual General Meeting of Alfa Laval AB (publ) will be held at Färs & Frosta Sparbank Arena, Klostergårdens idrottsområde, Stattenavägen in Lund, Sweden on Monday April 26, 2010, at 16.00 (CET).

Annual Report 2009

The Annual Report for 2009 is estimated to be published and distributed to shareholders that have asked for a copy during week 14. The Annual Report will also be available on www.alfalaval.com.

The fourth quarter and full year report has been issued on February 9, 2010 by the President and Chief Executive Officer Lars Renström by proxy from the Board of Directors.

Lund, February 9, 2010,

Lars Renström
President and Chief Executive Officer
Alfa Laval AB (publ)

Review report

Introduction

We have reviewed this fourth quarter and full year 2009 report. The Board of Directors and the President are responsible for the preparation and presentation of this report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this report based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the fourth quarter and full year 2009 report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act and for the Parent company in accordance with the Swedish Annual Accounts Act.

Lund, February 9, 2010,

Kerstin Mouchard Authorised Public Accountant	Staffan Landén Authorised Public Accountant