First quarter 2010

"Order intake was SEK 5.1 billion, a volume decrease by 6 percent compared with the fourth quarter 2009. The decrease is explained by a smaller number of large orders, while the base business was unchanged. Parts & Service had growth for the second quarter in a row, mainly driven by a slightly higher capacity utilization at our customers.

Sales amounted to SEK 5.4 billion, which resulted in a strong operating margin of 18.8 percent. A higher share of aftermarket sales, a relative shift from project to component sales and exchange effects had a positive impact on the operating margin. Alfa Laval generated a continued good cash flow of SEK 1.0 billion."

Lars Renström, President and CEO

Summary

	First quarter			
SEK millions	**2010**	**2009**	**%**	**% ***
Order intake	5,089	5,853	-13	-6
Net sales	5,381	6,923	-22	-16
Adjusted EBITA	1,012	1,255	-19	
- adjusted EBITA margin (%)	18.8	18.1		
Result after financial items	900	1,114	-19	
Net income for the period	615	764	-20	
Earnings per share (SEK)	1.45	1.80	-19	
Cash flow from operating activities	1,007	1,058	-5	
Impact on EBITA of:				
- foreign exchange effects	95	124		

* excluding exchange rate variations

The Board of Directors 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 second quarter

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

Earlier published outlook (February 9, 2010): "We expect demand during the first quarter 2010 to be on about the same level as during the fourth quarter 2009."

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

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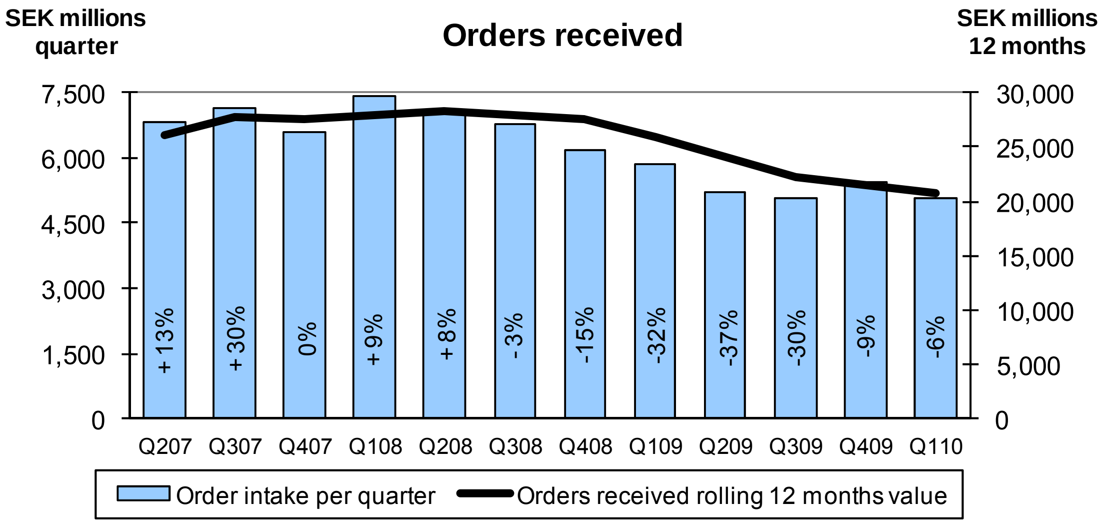
Management's discussion and analysis



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

Order bridge

SEK millions	First quarter 2009	Structural change (%)	Currency effects (%)	Organic development (%)	Total (%)	First quarter 2010
Order intake	5,853	3.2	-7.1	-9.2	-13.1	5,089

Orders received amounted to SEK 5,089 (5,853) million for the first quarter. Excluding exchange rate variations, the order intake for the Group was 6.0 percent lower than the first quarter last year. Adjusted for acquisitions of businesses [1)] the corresponding figure is a decrease by 9.2 percent.

Compared to the fourth quarter 2009 orders received has decreased by 6.2 percent excluding exchange rate variations and decreased by 7.7 percent if also acquisitions of businesses are excluded. This is mainly explained by fewer large orders.

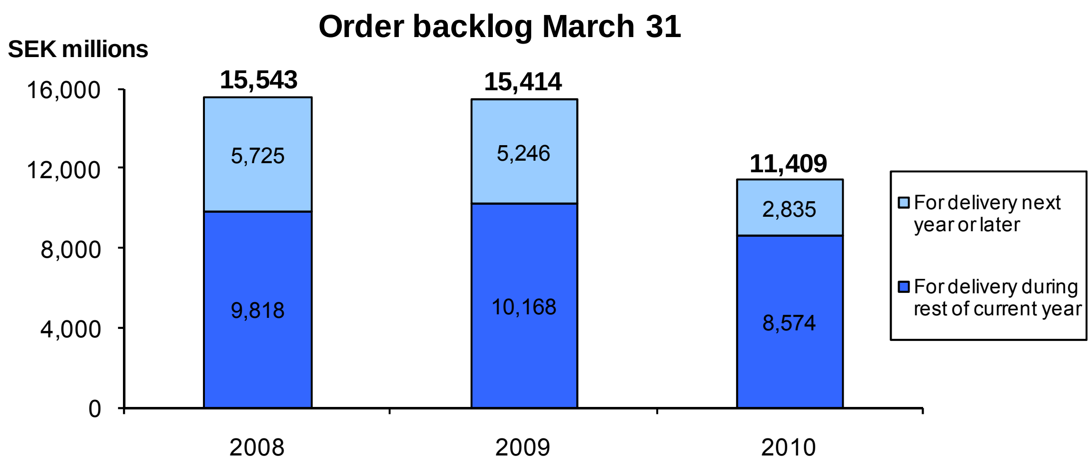
Orders received from the aftermarket "Parts & Service" constituted 31.9 (27.3) percent of the Group's total orders received in the first quarter. Excluding exchange rate variations, the "Parts & Service" order intake increased by 9.6 percent during the first quarter 2010 compared to the corresponding quarter last year. Compared to the fourth quarter 2009 the increase was 6.0 percent.

1. Acquired businesses are: a leading service provider on the North American market at January 6, 2010, Champ Products Inc, at January 5, 2010, LHE Co. Ltd at September 1, 2009, PHE Indústria e Comércio de Equipamentos Ltda at August 1, 2009, HES at February 1, 2009, two providers of parts and service at January 14, 2009

Large orders [1] in the first quarter:

During the first quarter 2010 Alfa Laval received large orders for SEK 140 (140) million:

- An order for an evaporation system to a pulp and paper mill plant in Malaysia. The order value is about SEK 50 million and delivery will be completed in 2011.
- An order for Alfa Laval Packinox heat exchangers from a Saudi Arabian refinery. The order value is about SEK 90 million and delivery is scheduled for 2011.



The order backlog at March 31, 2010 was SEK 11,409 (15,414) million. Excluding exchange rate variations and adjusted for acquisitions of businesses the order backlog was 24.6 percent lower than the order backlog at March 31, 2009 and 2.3 percent lower than the order backlog at the end of 2009.

Net sales

Sales bridge

SEK millions	First quarter 2009	Structural change (%)	Currency effects (%)	Organic development (%)	Total (%)	First quarter 2010
Net sales	6,923	3.0	-5.8	-19.5	-22.3	5,381

Net invoicing was SEK 5,381 (6,923) million for the first quarter. Excluding exchange rate variations, the invoicing was 16.5 percent lower than the first quarter last year. Adjusted for acquisitions of businesses the corresponding figure is a decrease by 19.5 percent.

Net invoicing relating to ”Parts & Service” constituted 28.2 (24.3) percent of the Group's total net invoicing in the first quarter. This change of mix together with the relative shift from project sales to component sales has a positive impact on the gross margin.

1. Orders with a value over EUR 5 million.

CONSOLIDATED COMPREHENSIVE INCOME

SEK millions	First quarter 2010	First quarter 2009	Full year 2009
Net sales	5,381	6,923	26,039
Cost of goods sold	-3,178	-4,331	-16,411
Gross profit	2,203	2,592	9,628
Sales costs	-764	-818	-3,179
Administration costs	-252	-298	-1,132
Research and development costs	-141	-166	-654
Other operating income *	65	77	442
Other operating costs *	-195	-208	-1,075
Operating income	916	1,179	4,030
Dividends and fair value adjustments	2	1	-1
Interest income and financial exchange rate gains	136	148	404
Interest expense and financial exchange rate losses	-154	-214	-673
Result after financial items	900	1,114	3,760
Taxes	-285	-350	-1,023
Net income for the period	615	764	2,737
Other comprehensive income:			
Cash flow hedges	-13	-206	551
Translation difference	-81	-158	-392
Deferred tax on other comprehensive income	4	59	-175
Comprehensive income for the period	525	459	2,721
Net income attributable to:			
Equity holders of the parent	610	758	2,710
Minority interests	5	6	27
Earnings per share (SEK)	1.45	1.80	6.42
Average number of shares	422,039,466	422,039,466	422,039,466
Comprehensive income attributable to:			
Equity holders of the parent	512	440	2,684
Minority interests	13	19	37

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

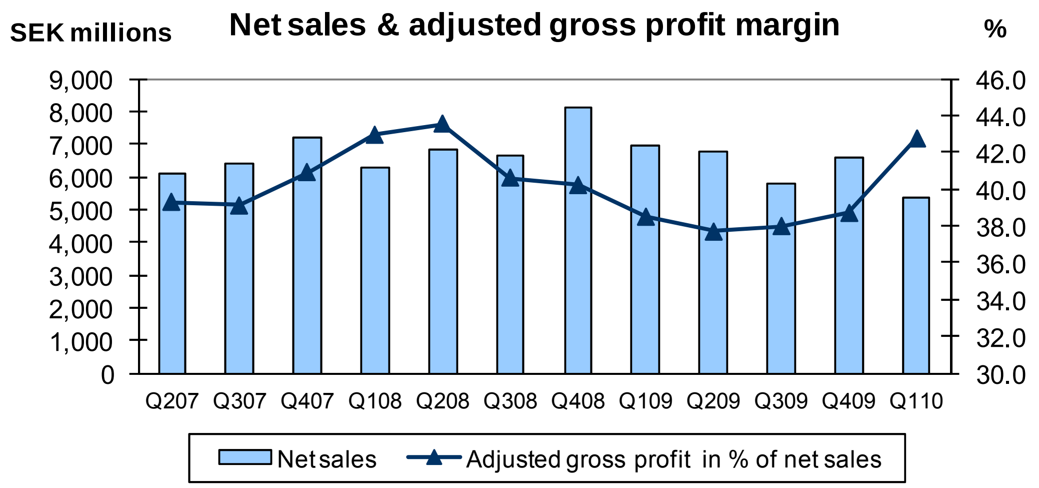
Sales and administration expenses amounted to SEK 1,016 (1,116) million during the first quarter 2010. Adjusted for exchange rate variations and acquisitions of businesses, sales and administration expenses were 5.3 percent lower than the corresponding period last year.

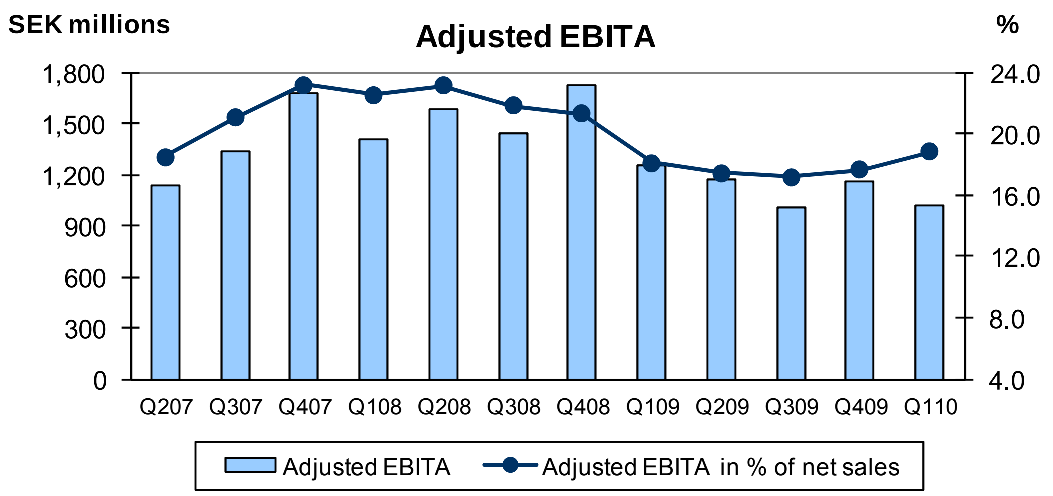
The costs for research and development have amounted to SEK 141 (166) million during the first quarter 2010, corresponding to 2.6 (2.4) percent of net sales. Adjusted for exchange rate variations and acquisitions of businesses, the costs for research and development have decreased by 12.6 percent compared to the corresponding period last year.

Consolidated	Income analysis		
	First quarter		Full year
SEK millions	2010	2009	2009
Net sales	5,381	6,923	26,039
Adjusted gross profit *	2,299	2,668	9,958
- in % of net sales	***42.7***	***38.5***	***38.2***
Expenses **	-1,185	-1,304	-4,982
- in % of net sales	*22.0*	*18.8*	*19.1*
Adjusted EBITDA	**1,114**	**1,364**	**4,976**
- in % of net sales	*20.7*	*19.7*	*19.1*
Depreciation	-102	-109	-391
Adjusted EBITA	**1,012**	**1,255**	**4,585**
- in % of net sales	***18.8***	***18.1***	***17.6***
Amortisation of step-up values	-96	-76	-330
Comparison distortion items	-	-	-225
Operating income	916	1,179	4,030

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

The adjusted result after tax and the minority's share of the result, excluding amortisation of step-up values and the corresponding tax, is SEK 1.62 (1.93) per share.





Consolidated	Comparison distortion items		
	First quarter		Full year
SEK millions	2010	2009	2009
Operational			
Other operating income	65	77	442
Comparison distortion income	-	-	-
Total other operating income	65	77	442
Other operating costs	-195	-208	-850
Comparison distortion costs	-	-	-225
Total other operating costs	-195	-208	-1,075

The operating income has not been affected by any comparison distortion items. When applicable these are reported gross in the comprehensive income statement as a part of other operating income and other operating costs.

Update on measures to adjust capacity and costs

During the first quarter the work to adjust capacity and costs to the decreased demand continued. As per March 31, 2010 a personnel reduction equivalent to about 1,460 FTEs has been completed. For the personnel reductions and other saving measures communicated during 2009 full effect has been achieved during the first quarter 2010. Altogether the measures were estimated to give yearly savings in excess of SEK 900 million, which now has been achieved. During the first quarter 2010 a saving of approximately SEK 195 million was achieved compared to the first quarter 2008.

Consolidated financial result and taxes

The financial net has amounted to SEK -48 (-64) 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 -1 (-19) million, interest on the private placement of SEK -8 (-12) million and a net of dividends and other interest income and interest costs of SEK -39 (-33) million. The net of realised and unrealised exchange rate differences amounts to SEK 32 (-1) million.

Consolidated	Key figures		
	March 31		December 31
	2010	2009	2009
Return on capital employed (%) *	31.7	49.6	33.6
Return on equity capital (%) *	22.3	38.7	24.5
Solidity (%) **	48.3	38.4	46.7
Net debt to EBITDA, times *	-0.02	0.4	0.1
Debt ratio, times **	-0.01	0.23	0.04
Number of employees **	11,490	12,089	11,390

* Calculated on a 12 months' revolving basis.

** At the end of the period.

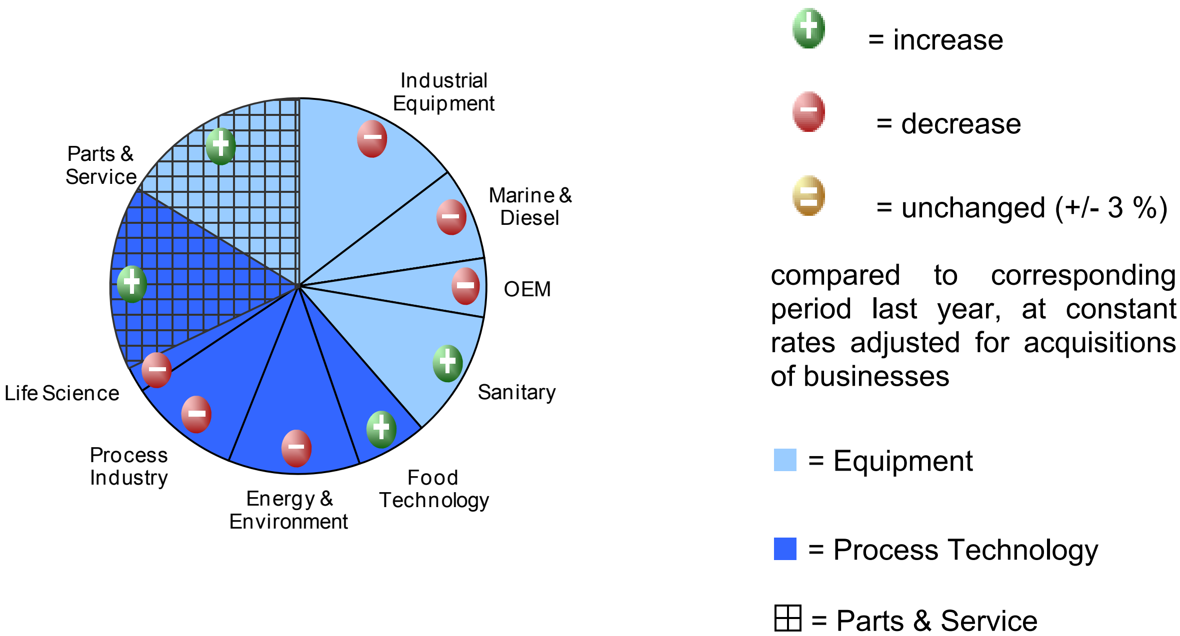
Operating segments

Consolidated	Orders received		
	First quarter		Full year
SEK millions	2010	2009	2009
Equipment	2,852	3,343	11,751
Process Technology	2,230	2,517	9,767
Other	7	-7	21
Total	5,089	5,853	21,539

Excluding exchange rate variations, orders received for Equipment decreased by 7.7 percent and net sales decreased by 12.7 percent during the first quarter 2010 compared to the corresponding period last year. Adjusted for acquisitions of businesses, the corresponding figures are a decrease by 12.0 percent and 17.0 percent respectively.

Excluding exchange rate variations, orders received for Process Technology decreased by 4.3 percent and net sales decreased by 21.9 percent during the first quarter 2010 compared to the corresponding period last year. Adjusted for acquisitions of businesses, the corresponding figures are a decrease by 6.0 percent and 23.2 percent respectively.

Orders received by customer segment Q1 2010



Industrial Equipment is a new customer segment and is a combination of the two former customer segments Comfort & Refrigeration and Fluids & Utility Equipment.

When comparing the first quarter 2010 to the fourth quarter 2009, Marine & Diesel, OEM, Parts & Service for the Equipment division and Life Science show a plus sign (i.e. growth), while Energy & Environment and Parts & Service for the Process Technology division show an equals sign and the rest a minus sign.

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

The order intake in the first quarter for the Equipment division was lower than the corresponding period last year. However, compared to the previous quarter the order intake increased slightly.

The order intake for Industrial Equipment decreased compared to both the corresponding period last year and the previous quarter. Despite this some applications within the refrigeration and general industrial utilities recorded higher order intake than in the previous 15 months.

In Sanitary order intake increased compared to the first quarter last year on all main applications; dairy, beverage, cosmetics and in particular pharmaceuticals. The base business* is the main driver for the development.

In the first quarter OEM decreased compared to the corresponding quarter last year, but increased compared to the previous quarter. This development is mainly attributed to the increased demand for customer products and supply contracts won for new products being introduced to the market. Continued government subsidies provide some stability for the demand for customer products in solar energy, heat pumps and boilers.

Marine & Diesel continues to operate in a turbulent market environment. Diesel power investments continue to be postponed, but there is an underlying demand.

The order intake for Parts & Service rose compared to both the corresponding quarter last year and the previous quarter. The effects of global financial recovery are impacting shipping activity and thus utilisation rates, which increases the demand for spare parts. Utilisation rates and an increased installed base have similarly given a good order intake development for other applications.

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

Order intake for the Process Technology division showed a decline in the first quarter 2010 from the corresponding quarter last year. Compared with the fourth quarter 2009 the division's order intake was also lower, primarily as a result of less large projects. This is especially valid for the Process Industry segment that enjoyed a very strong fourth quarter. A stable development was noted for the division's base business.

Energy & Environment showed a slight decline, but with a mix change within the segment. Environment declined, but Oil & Gas had a strong quarter due to a stronger investment activity in the industry. Within Power the market showed positive signs with a continued growth in not only nuclear power, but also in the conventional and renewable power markets.

In Process Industry order intake declined, primarily as a result of the several large projects booked in the previous quarter, which were of a non-repeat nature.

Order intake for Food Technology decreased from the previous quarter, but grew compared to the first quarter 2009. The demand from the brewery industry was still weak due to consolidation and limited investments. The development for vegetable oil generated a significant growth compared to the first quarter last year, with a continued strong activity in Asia.

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

Life Science grew compared to the previous quarter, but declined compared to the first quarter 2009. The growth was primarily generated through the base business, with component orders in many applications.

Parts & Service benefitted from a higher activity primarily in parts sales. This should be seen following last year's low activity in connection with short-term capacity closure in many industry sectors.

Consolidated	Net sales		
	First quarter		Full year
SEK millions	2010	2009	2009
Equipment	3,180	3,920	14,665
Process Technology	2,188	3,003	11,350
Other	13	0	24
Total	5,381	6,923	26,039

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

Consolidated	Order backlog		
	March 31		December 31
SEK millions	2010	2009	2009
Equipment	5,969	8,506	6,399
Process Technology	5,425	6,894	5,486
Other	15	14	21
Total	11,409	15,414	11,906

Consolidated	Operating income		
	First quarter		Full year
SEK millions	2010	2009	2009
Equipment	567	694	2,530
Process Technology	378	568	2,040
Other	-33	-54	-138
Subtotal	912	1,208	4,432
Comparison distortion items	-	-	-225
Consolidation adjustments *	4	-29	-177
Total	916	1,179	4,030

* Difference between management accounts and IFRS

The decrease in operating income for both Equipment and Process Technology during the first quarter 2010 compared to the corresponding period last year is mainly explained by a lower gross profit due to decreased volume, partially offset by positive foreign exchange effects, a change of mix in the sales and lower costs.

Consolidated	Assets			Liabilities		
	March 31		December 31	March 31		December 31
SEK millions	2010	2009	2009	2010	2009	2009
Equipment	9,508	9,576	9,428	1,958	1,830	1,987
Process Technology	8,253	8,830	8,289	4,800	4,873	4,643
Other	4,489	5,843	4,507	1,998	2,443	1,866
Subtotal	22,250	24,249	22,224	8,756	9,146	8,496
Corporate	4,140	4,134	3,982	4,881	8,350	5,481
Total	26,390	28,383	26,206	13,637	17,496	13,977

Consolidated	Depreciation		
	First quarter		Full year
SEK millions	2010	2009	2009
Equipment	62	55	200
Process Technology	44	36	153
Other	92	94	368
Total	198	185	721

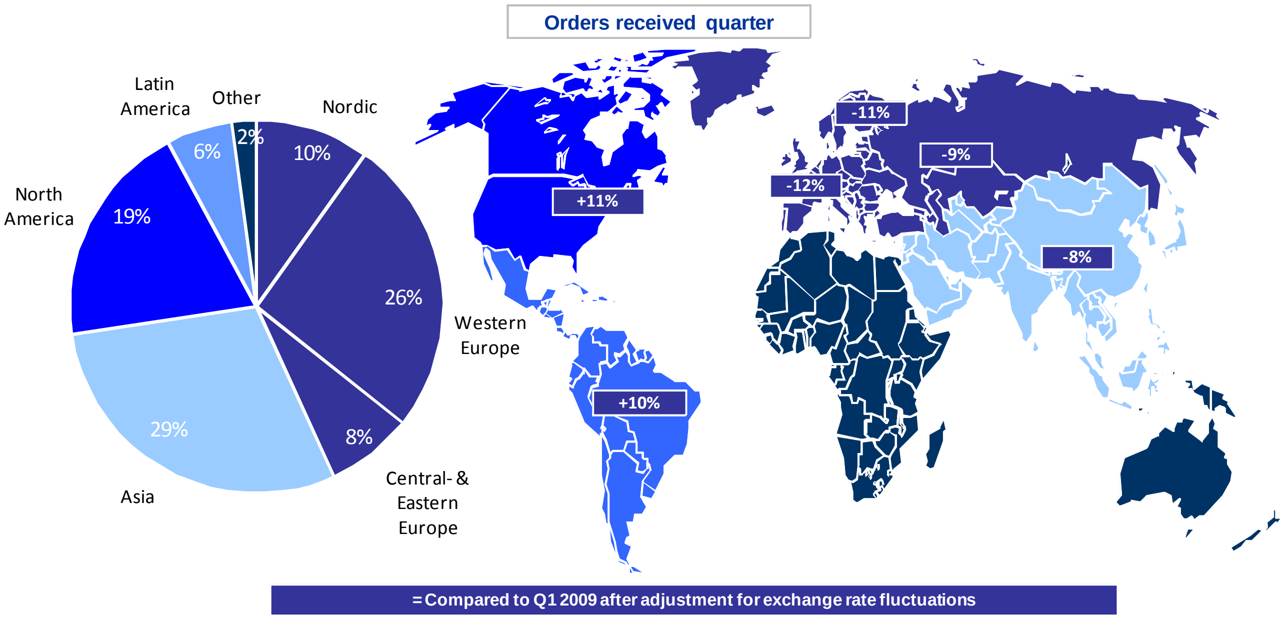
Consolidated	Investments		
	First quarter		Full year
SEK millions	2010	2009	2009
Equipment	18	16	91
Process Technology	16	38	113
Other	21	36	247
Total	55	90	451

Information about products and services

Consolidated	Net sales by product/service *		
	First quarter		Full year
SEK millions	2010	2009	2009
Own products within:			
Separation	1,368	1,646	6,586
Heat transfer	2,803	3,832	13,866
Fluid handling	592	630	2,427
Other	109	149	615
Associated products	259	377	1,339
Services	250	289	1,206
Total	5,381	6,923	26,039

* 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

Order intake in the first quarter was substantially lower in the region compared to the same period last year. All segments showed a decline except Life Science that grew and Marine & Diesel that had a flat order intake.

Compared to the previous quarter the order intake in the region was slightly lower. Orders for capital goods grew in the Equipment division but decreased in the Process Technology division. The booking of base orders* were on the same level as during the fourth quarter last year.

Central and Eastern Europe

In the first quarter the development in Central & Eastern Europe was flat for the Equipment division whereas the Process Technology division declined compared to the corresponding period last year. This was due to large orders not being repeated. Turkey and South East Europe had a good development while Poland and the Czech Republic showed weakness. Russia was essentially unchanged. Segments with good development include Sanitary, Food Technology and Process Industry. The Parts & Service business was unchanged.

Compared to the previous quarter the development was flat.

North America

Order intake in the first quarter was above the same period last year. The best developments were in the segments Industrial Equipment, Energy & Environment and Parts & Service

Compared to the fourth quarter last year the order intake in the region grew. The best development was in the segments Industrial Equipment, Energy & Environment and Parts & Service

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

Latin America

Latin America had a good growth compared to the first quarter 2009, where Brazil and Argentina reported a very good development. The growth was related to all Equipment segments as well as most Process Technology segments. The base business including Parts & Service developed very strongly.

Compared to the previous quarter Latin America showed a decline.

Asia

Order intake in the region was significantly lower in the first quarter than the corresponding period last year. This was mainly due to a negative effect on orders received for Marine upon local retranslation of order backlog in foreign currencies. Otherwise, China, South East Asia and Japan showed a positive development. Sanitary continued to show a good development and Industrial Equipment recorded a strong development. Parts & Service also showed a positive development in both Equipment and Process Technology markets.

Compared to the previous quarter Asia showed a decline primarily due to large orders not being repeated.

Consolidated	Net sales		
	First quarter		Full year
SEK millions	2010	2009	2009
To customers in:			
Sweden	186	208	840
Other EU	1,490	1,980	7,941
Other Europe	391	503	1,829
USA	731	1,077	3,736
Other North America	152	122	575
Latin America	362	428	1,432
Africa	52	65	259
China	702	706	2,876
Other Asia	1,240	1,768	6,238
Oceania	75	66	313
Total	5,381	6,923	26,039

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		
	March 31		December 31
SEK millions	2010	2009	2009
Sweden	1,683	1,772	1,725
Other EU	4,434	4,994	4,745
Other Europe	375	393	379
USA	2,206	2,302	1,935
Other North America	132	118	128
Latin America	169	139	178
Africa	1	1	1
Asia	3,145	1,959	3,039
Oceania	93	81	90
Subtotal	12,238	11,759	12,220
Pension assets	130	136	136
Deferred tax asset	1,336	1,425	1,367
Total	13,704	13,320	13,723

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 3 percent of net sales.

CONSOLIDATED CASH FLOWS

	First quarter		Full year
SEK millions	2010	2009	2009
Cash flow from operating activities			
Operating income	916	1,179	4,030
Adjustment for depreciation	198	185	721
Adjustment for other non-cash items	-5	-12	37
	1,109	1,352	4,788
Taxes paid	-252	-447	-1,533
	857	905	3,255
Changes in working capital:			
Increase(-)/decrease(+) of receivables	133	651	1,776
Increase(-)/decrease(+) of inventories	-71	307	1,439
Increase(+)/decrease(-) of liabilities	162	-701	-1,233
Increase(+)/decrease(-) of provisions	-74	-104	110
Increase(-)/decrease(+) in working capital	**150**	**153**	**2,092**
	1,007	1,058	5,347
Cash flow from investing activities			
Investments in fixed assets (Capex)	-55	-90	-451
Divestment of fixed assets	3	0	8
Acquisition of businesses	-278	-1,115	-2,177
	-330	-1,205	-2,620
Cash flow from financing activities			
Received interests and dividends	16	6	32
Paid interests	-35	-80	-292
Realised financial exchange differences	67	-59	-5
Dividends to owners of parent company	-	-	-949
Dividends to minority owners in subsidiary	-	-	-6
Increase(-)/decrease(+) of financial assets	-76	303	213
Increase(+)/decrease(-) of borrowings	-568	-171	-1,660
	-596	-1	-2,667
Cash flow for the period	81	-148	60
Cash and bank at the beginning of the period	1,112	1,083	1,083
Translation difference in cash and bank	6	16	-31
Cash and bank at the end of the period	1,199	951	1,112
Free cash flow per share (SEK) *	1.60	-0.35	6.46
Capex in relation to sales	1.0%	1.3%	1.7%
Average number of shares	422,039,466	422,039,466	422,039,466

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

During the first quarter 2010 cash flows from operating and investing activities amounted to SEK 677 (-147) million. Depreciation, excluding allocated step-up values, was SEK 102 (109) million during the first quarter, whereas investments in fixed assets were SEK 55 (90) million.

CONSOLIDATED FINANCIAL POSITION

SEK millions	March 31 2010	March 31 2009	December 31 2009
ASSETS			
Non-current assets			
Intangible assets	8,780	8,134	8,633
Property, plant and equipment	3,431	3,622	3,548
Other non-current assets	1,493	1,564	1,542
	13,704	13,320	13,723
Current assets			
Inventories	4,500	5,765	4,485
Accounts receivable	4,260	5,397	4,123
Other receivables	1,955	2,247	2,130
Derivative assets	370	458	331
Other current deposits	402	245	302
Cash and bank *	1,199	951	1,112
	12,686	15,063	12,483
TOTAL ASSETS	26,390	28,383	26,206
EQUITY AND LIABILITIES			
Equity			
Equity holders of the parent	12,625	10,818	12,113
Minority	129	69	116
	12,754	10,887	12,229
Non-current liabilities			
Liabilities to credit institutions	346	2,404	832
Private placement	798	909	794
Provisions for pensions and similar commitments	910	1,020	920
Provision for deferred tax	1,359	1,222	1,390
Other provisions	420	412	439
	3,833	5,967	4,375
Current liabilities			
Liabilities to credit institutions	219	355	165
Accounts payable	1,782	2,179	1,833
Advances from customers	2,151	2,290	2,019
Other provisions	1,866	1,794	1,926
Other liabilities	3,511	3,855	3,372
Derivative liabilities	274	1,056	287
	9,803	11,529	9,602
Total liabilities	13,636	17,496	13,977
TOTAL EQUITY & LIABILITIES	26,390	28,383	26,206

* 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 314 (143) million. The company is not a wholly owned subsidiary of the Alfa Laval Group. It is owned to 88.8 percent.

Consolidated	Borrowings and net debt		
	March 31		December 31
SEK millions	2010	2009	2009
Credit institutions	565	2,759	997
Private placement	798	909	794
Capitalised financial leases	140	56	154
Interest-bearing pension liabilities	2	2	2
Total debt	1,505	3,726	1,947
Cash, bank and current deposits	-1,601	-1,196	-1,414
Net debt	-96	2,530	533

Alfa Laval has a senior credit facility with a banking syndicate of EUR 268 million and USD 348 million, corresponding to SEK 5,137 million. At March 31, 2010, the facility was not utilised. The facility matures in April 2012.

The private placement of USD 110 million matures in 2016.

CHANGES IN CONSOLIDATED EQUITY

	First quarter		Full year
SEK millions	2010	2009	2009
At the beginning of the period	12,229	10,493	10,493
Changes attributable to:			
Equity holders of the parent			
Comprehensive income			
Comprehensive income for the period	512	440	2,684
Transactions with shareholders			
Dividends	-	-	-949
	-	-	-949
Subtotal	512	440	1,735
Minority			
Comprehensive income			
Comprehensive income for the period	13	19	37
Transactions with shareholders			
Decrease of minority in Alfa Laval (India) Ltd	-	-65	-65
Minority in acquired company	-	-	35
Dividends	-	-	-6
	-	-65	-36
Subtotal	13	-46	1
At the end of the period	12,754	10,887	12,229

Ownership and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 35,071 (29,608) shareholders on March 31, 2010. 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 8.5 to 1.2 percent. These ten largest shareholders own 48.2 (46.8) 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 2009 is still correct.

Asbestos-related lawsuits

The Alfa Laval Group was as of March 31, 2010, named as a co-defendant in a total of 525 asbestos-related lawsuits with a total of approximately 632 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 January 6, 2010 Alfa Laval acquired a well established service company in the US, that is a leading service provider on the North American market specialized in plate heat exchangers. The company will add sales of about SEK 100 million. The company will remain a separate organisation as they will continue to offer their own products and services to the industry under their own brand.

On January 5, 2010 Alfa Laval acquired Champ Products Inc., based in Sarasota, Florida, the US. The company is recognized for its deep knowledge of engine cooling and is today perceived as a leading company in the North American market, with sales of about SEK 100 million in 2009 and some 75 employees.

Parent company

The parent company's result after financial items was SEK -1 (3) million, out of which net interests were SEK 0 (8) million, realised and unrealised exchange rate gains and losses SEK -2 (1) million, costs related to the listing SEK -1 (-1) million, fees to the Board SEK -2 (-2) million, cost for annual report and annual general meeting SEK -0 (-1) million and the net of other operating income and costs the remaining SEK 4 (-2) million.

PARENT COMPANY INCOME *

SEK millions	First quarter 2010	First quarter 2009	Full year 2009
Administration costs	-3	-4	-11
Other operating income	4	-	14
Other operating costs	0	-1	-4
Operating income/loss	1	-5	-1
Dividends	-	-	3,201
Group contributions	-	-	878
Interest income and similar result items	0	15	23
Interest expenses and similar result items	-2	-7	-22
Result after financial items	-1	3	4,079
Appropriation to tax allocation reserve	-	-	-225
Income tax	-	-1	-177
Net income for the period	-1	2	3,677

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

PARENT COMPANY FINANCIAL POSITION

SEK millions	March 31 2010	March 31 2009	December 31 2009
ASSETS			
Non-current assets			
Shares in group companies	4,669	4,669	4,669
Current assets			
Receivables on group companies	6,246	3,491	6,298
Other receivables	47	174	6
Cash and bank	-	-	-
	6,293	3,665	6,304
TOTAL ASSETS	10,962	8,334	10,973
EQUITY AND LIABILITIES			
Equity			
Restricted equity capital	2,387	2,387	2,387
Unrestricted equity capital	7,320	4,596	7,321
	9,707	6,983	9,708
Untaxed reserves			
Tax allocation reserves, taxation 2005-2010	1,202	977	1,202
Current liabilities			
Liabilities to group companies	53	235	55
Accounts payable	0	1	0
Tax liabilities	-	138	8
	53	374	63
TOTAL EQUITY CAPITAL AND LIABILITIES	10,962	8,334	10,973

Proposed disposition of earnings

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.

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 interim report for the first quarter 2010 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 the same accounting principles and accounting estimates have been applied in the interim report for the first quarter 2010 as for the annual report for 2009, with the exception of the changes in IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements. The changes in IFRS 3 and IAS 27 mean that:

- Transaction costs must be reported in the comprehensive income statement instead of as until now be added to the acquisition value, which affects the reported goodwill.
- If the value of an additional purchase price is changed the difference must be reported in the comprehensive income statement instead of as until now adjust the acquisition price, which affects the reported goodwill.
- In business combinations achieved in stages the goodwill must be calculated and valued when the acquirer obtains control over a business. If the acquirer previously has reported an equity interest in the company the accumulated change in value of the holding is to be recognised in the comprehensive income statement at the acquisition date. Until now the goodwill has been calculated and reported at each acquisition date.
- The minority interest can be measured at fair value. This does not exclude that the minority interest still can be measured based on the acquired company's net assets.
- Changes in holdings in subsidiaries, where the majority owner does not loose its decisive influence, must be reported in equity. This has until now been an unregulated area. This means that these transactions no longer will generate goodwill or lead to any gains or losses
- If the minority's share of reported losses is higher than its reported share of the equity, a negative minority share should be reported instead of as until now be charged to the equity attributable to the equity holders of the parent company.

First quarter refers to the period January 1 to March 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 five customer segments: Industrial Equipment, Marine & Diesel, OEM (Original Equipment Manufacturers), Sanitary Equipment and the aftermarket segment Parts & Service. Industrial Equipment is a new customer segment and is a combination of the two former customer segments Comfort & Refrigeration and Fluids & Utility Equipment. 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 second quarter	July 20
Interim report for the third quarter	October 22

Events after the closing date

On April 1, 2010 Alfa Laval acquired Astepo S.r.l. in Italy. The company is recognized for its solid know-how in aseptic technology, with key products such as bag-in-box fillers and heat exchangers targeting the global fruit juice concentrate industry. The company had sales of about SEK 70 million in 2009 and some 20 employees.

On April 1, 2010 Alfa Laval acquired 65 percent of the shares in Si Fang Stainless Steel Products Co. Ltd in China, which is a leading fluid handling company in China. The company targets the food and beverage market in China with its sanitary product portfolio, including pumps, valves and fittings, with sales of about SEK 150 million in 2009 and some 300 employees. Si Fang will continue to offer its own product range, under its own brand and through its own sales network.

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

The interim report has been issued on April 26, 2010 at CET 13.30 by the President and Chief Executive Officer Lars Renström by proxy from the Board of Directors.

Lund, April 26, 2010,

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