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ALFA
ROMEO



Report for Q3 2010

- Orders received and margins
- Highlights
- Development per segment
- Geographical development
- Financials
- Outlook

Mr. Lars Renström
President and CEO
Alfa Laval Group

Key figures

July – September 2010

- Orders received rose 21% to SEK 6,134 million.
- Net sales unchanged at SEK 5,811 million.
- Adjusted EBITA up 14% at SEK 1,141 million.
- Adjusted EBITA margin widened to 19.6%
- *Positive currency effect SEK 124 million.*

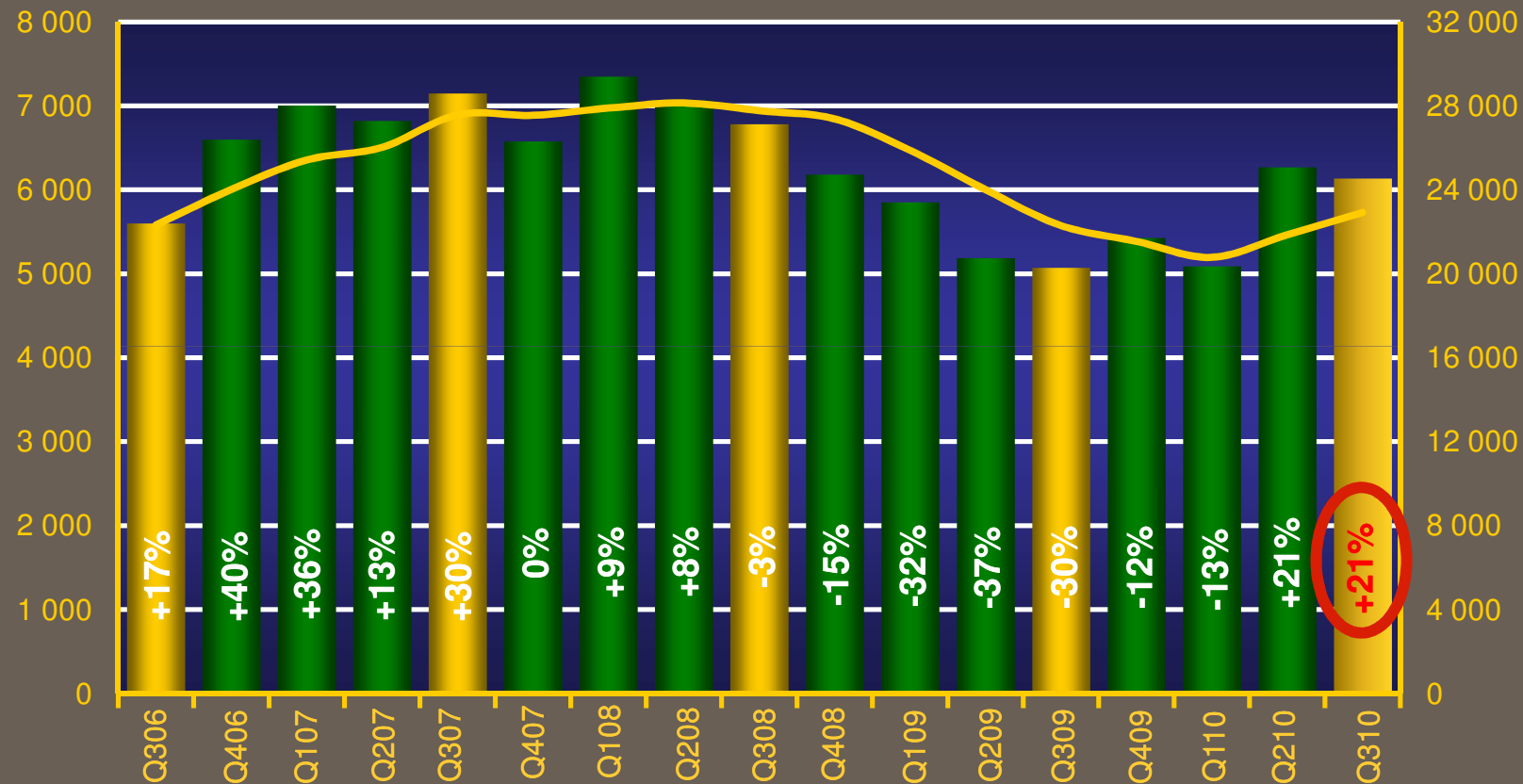
January – September 2010

- Orders received increased 9% to SEK 17,490 million.
- Net sales down 10% at SEK 17,551 million.
- Adjusted EBITA down 2% at SEK 3,345 million.
- Adjusted EBITA margin increased to 19.1%
- *Positive currency effect SEK 324 million.*

Orders received

SEK million

SEK million R 12



 = rolling twelve months value

+xx% = % development at constant rates by quarter, year on year

  = order intake per quarter

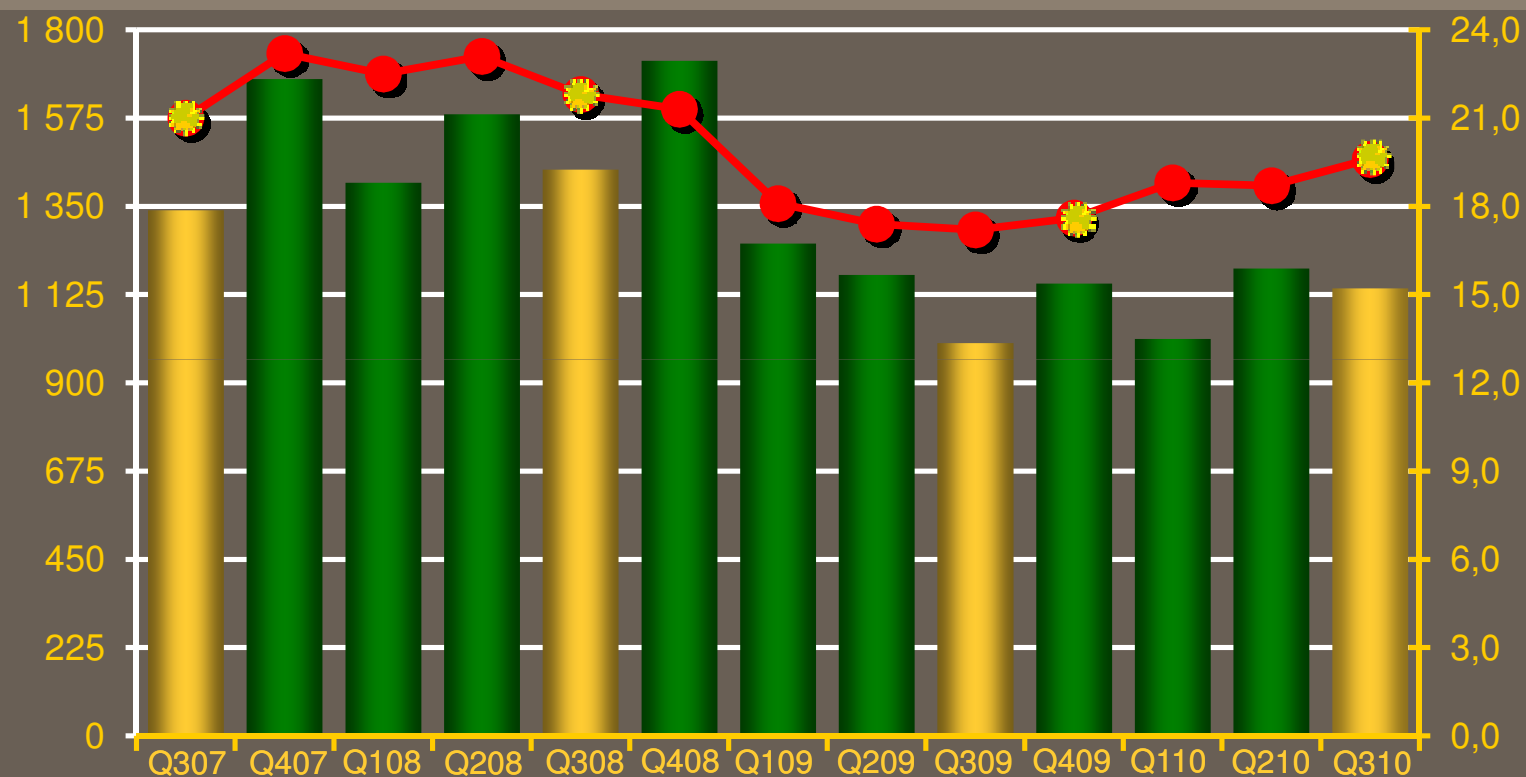
Order analysis

July – September 2010

2009 (SEK millions)	5,071
Structural change, %	+ 3.7
Currency effects, %	- 2.1
Organic development, %	+ 19.4
Total, %	+ 21
2010 (SEK million)	6,134

Adjusted EBITA / margin *

SEK millions and in percent of sales



* Adjusted EBITA – "Earnings before interests, taxes, amortization of goodwill and step up values and comparison distortion items."



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Alfa Laval Group

Highlights during the quarter

Large orders, total SEK 270 million (175)

* Waste water treatment order in the US.

Order value SEK 250 million, of which 40 million was booked in Q2.
Deliveries finalized in 2013.

Highlights during the quarter

Large orders, total SEK 270 million (175)

- * Waste water treatment order in the US.
- * Heat exchanger order from Tata Chemicals in India.
Order value SEK 60 million. Delivery in 2011.



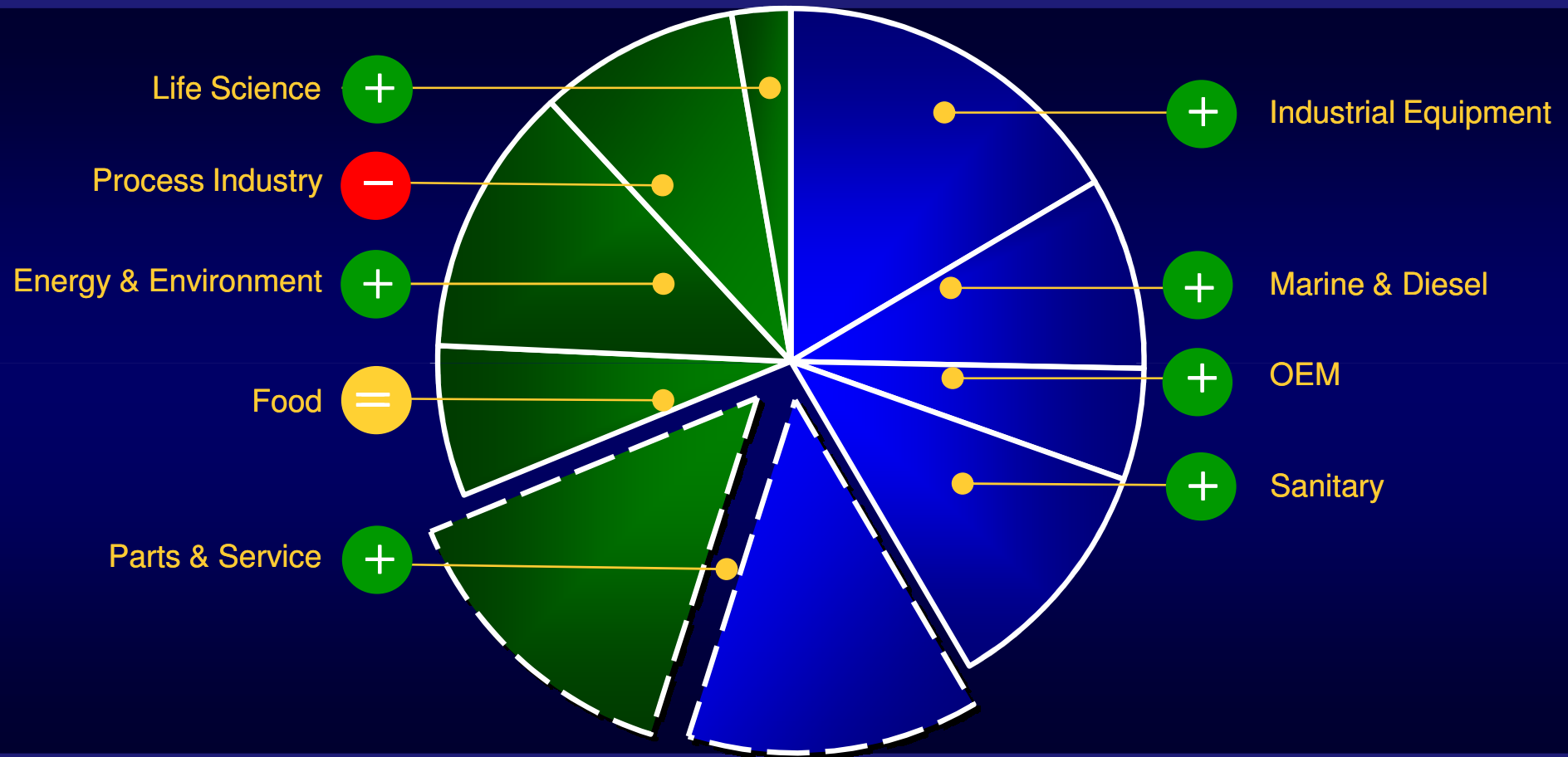
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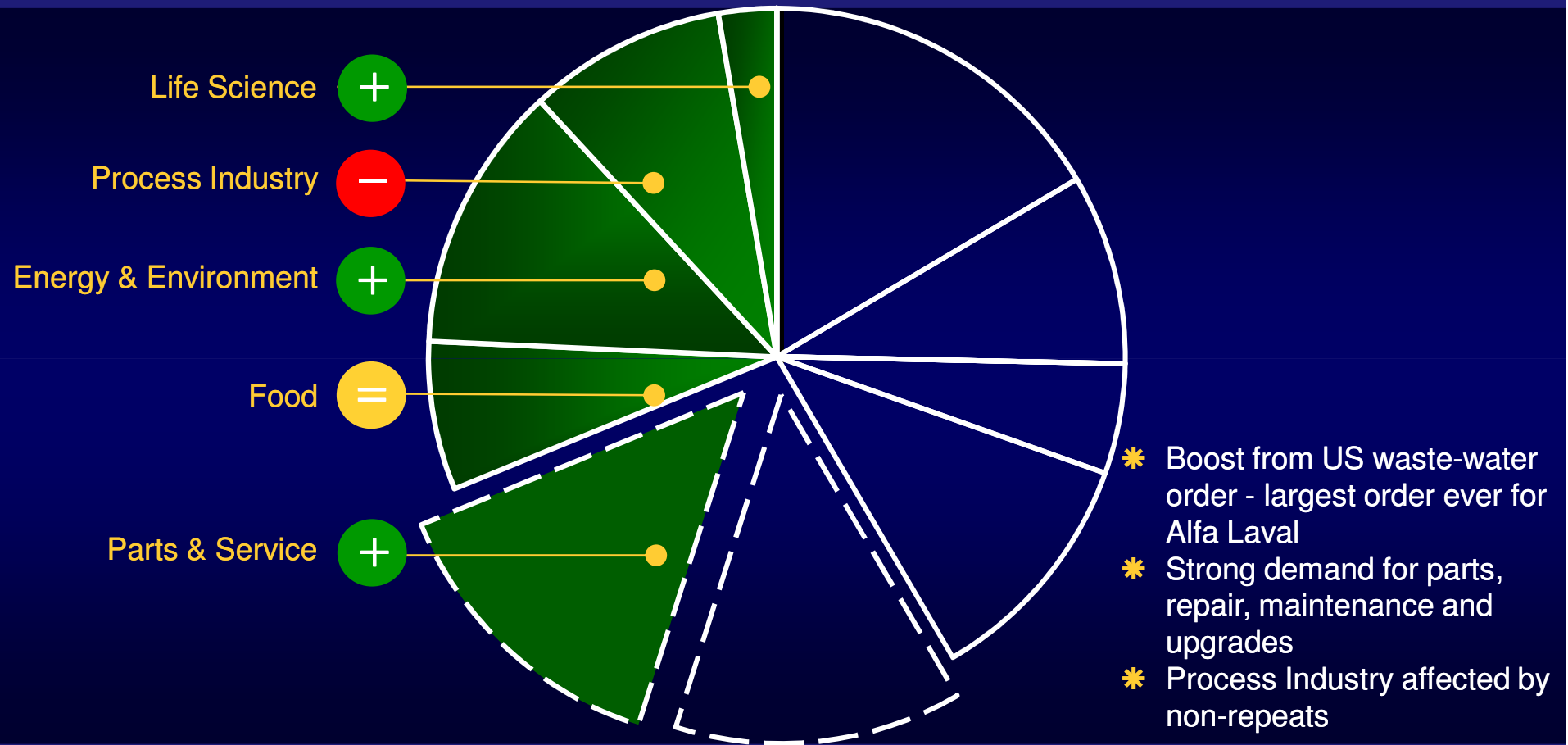
Orders received by customer segment

July – September 2010, at constant rates



Orders received by customer segment

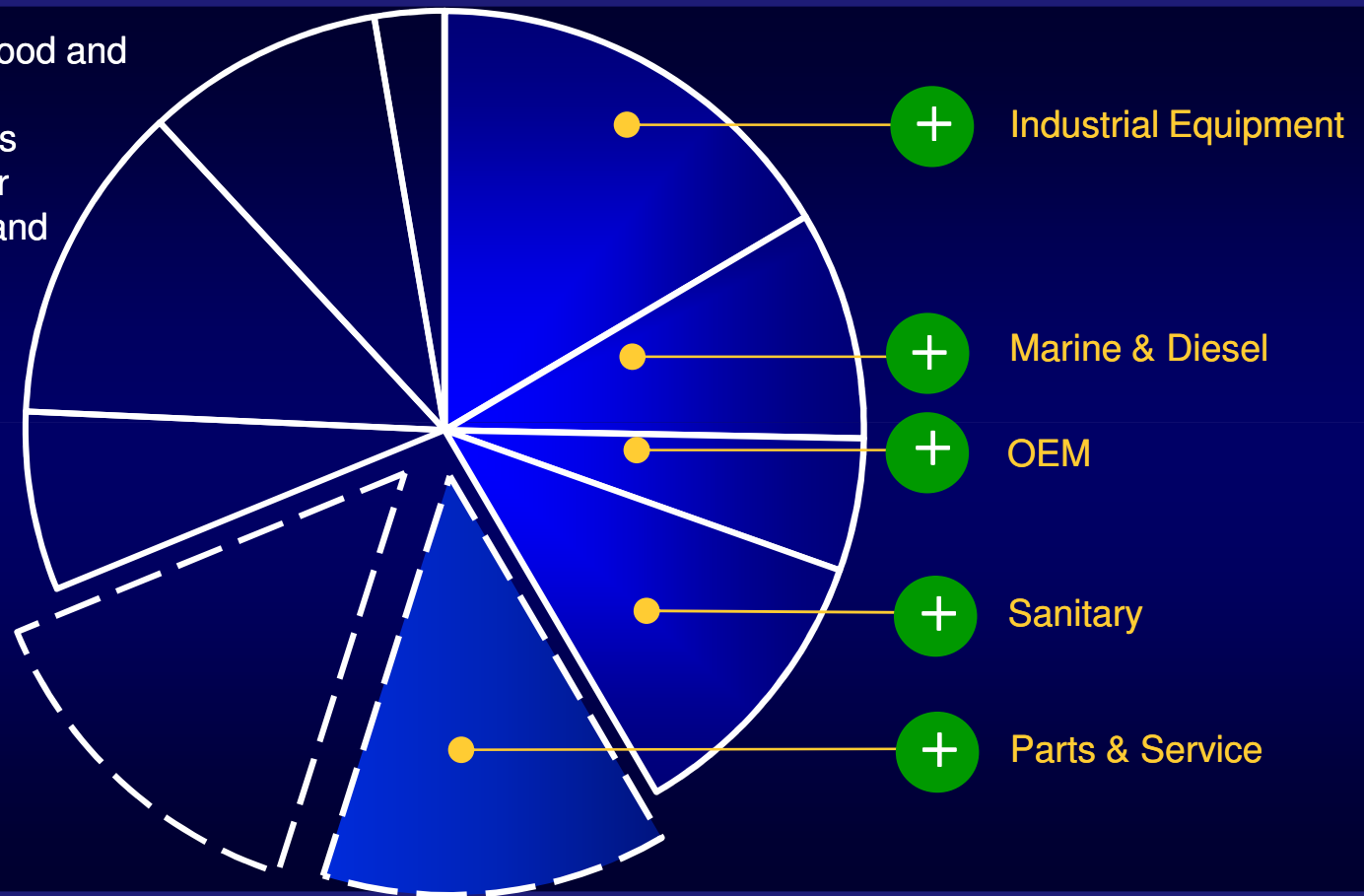
Process Technology Division July – September 2010, at constant rates



Orders received by customer segment

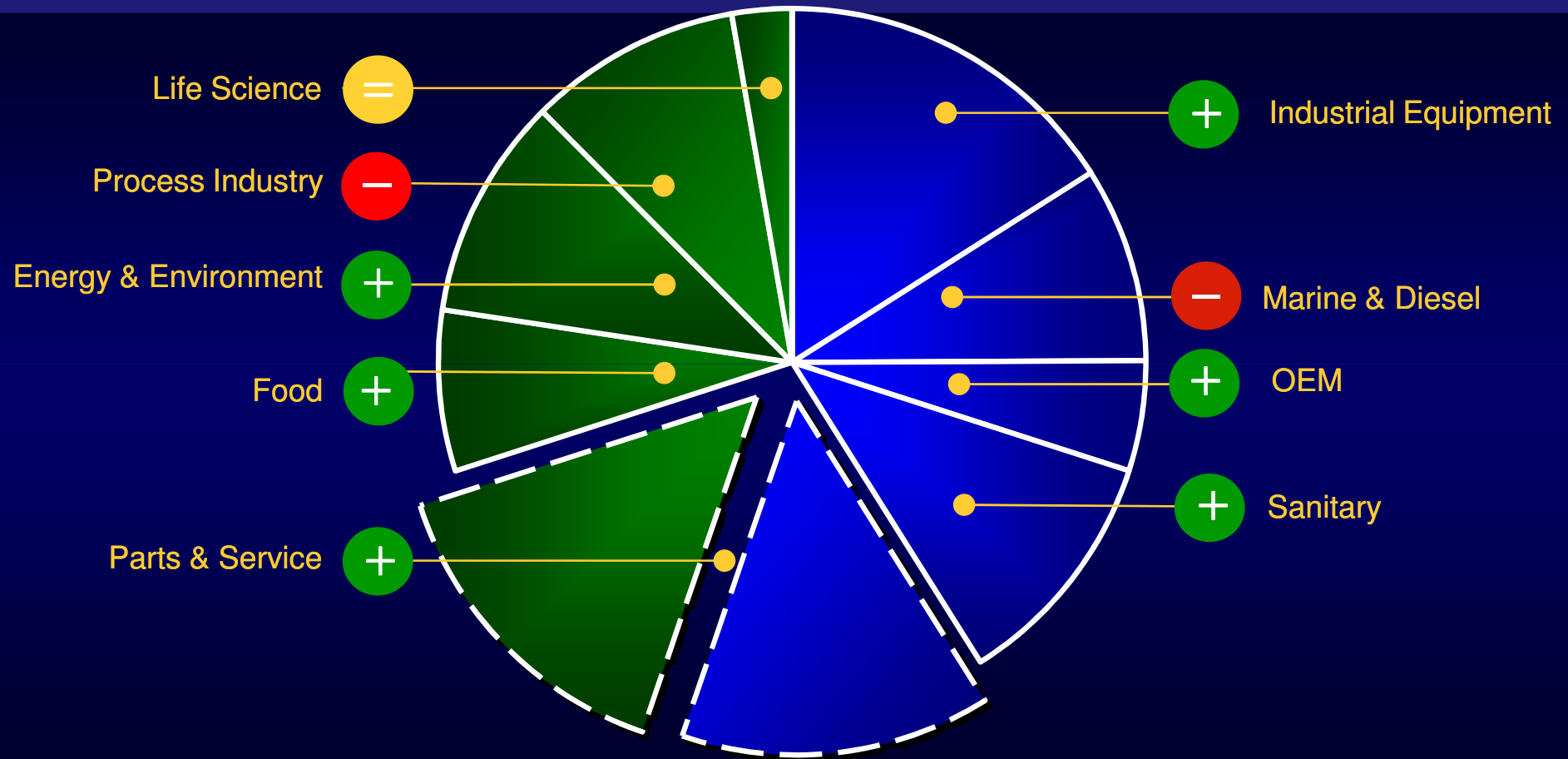
Equipment Division, July – September 2010, at constant rates

- * Increased activity in both food and pharma boosted Sanitary
- * Strong demand from OEMs
- * Increased trade and higher utilization rates lifted demand for parts and service



Orders received by customer segment

January - September 2010, at constant rates





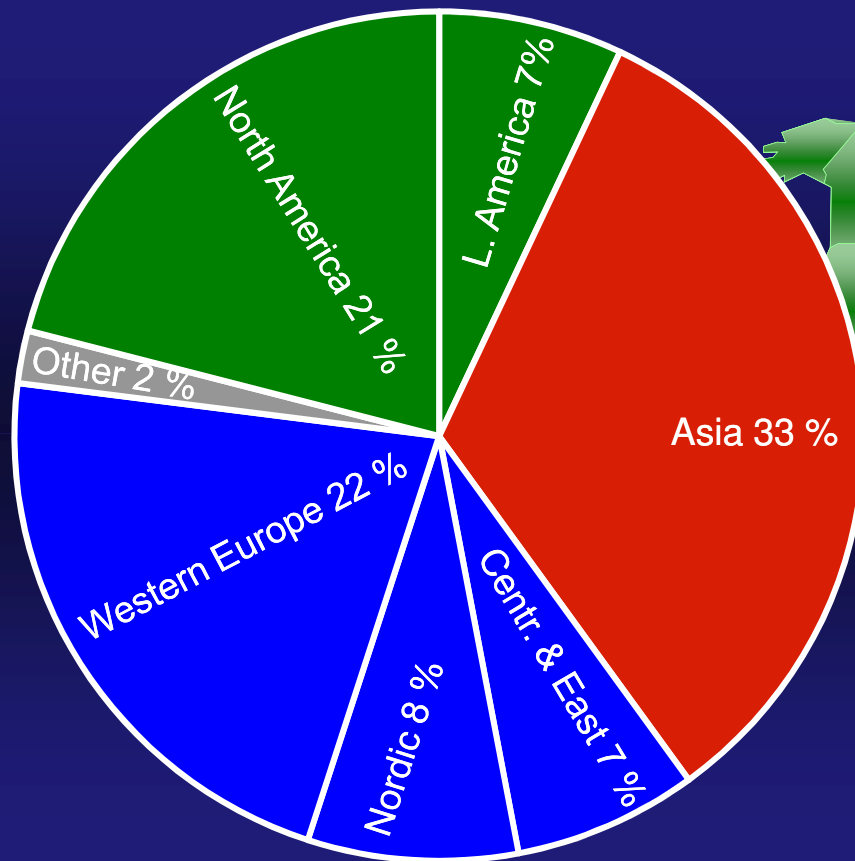
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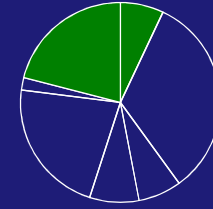
Orders received by Region

July – September 2010, at constant rates



Highlights Americas

July – September 2010, at constant rates

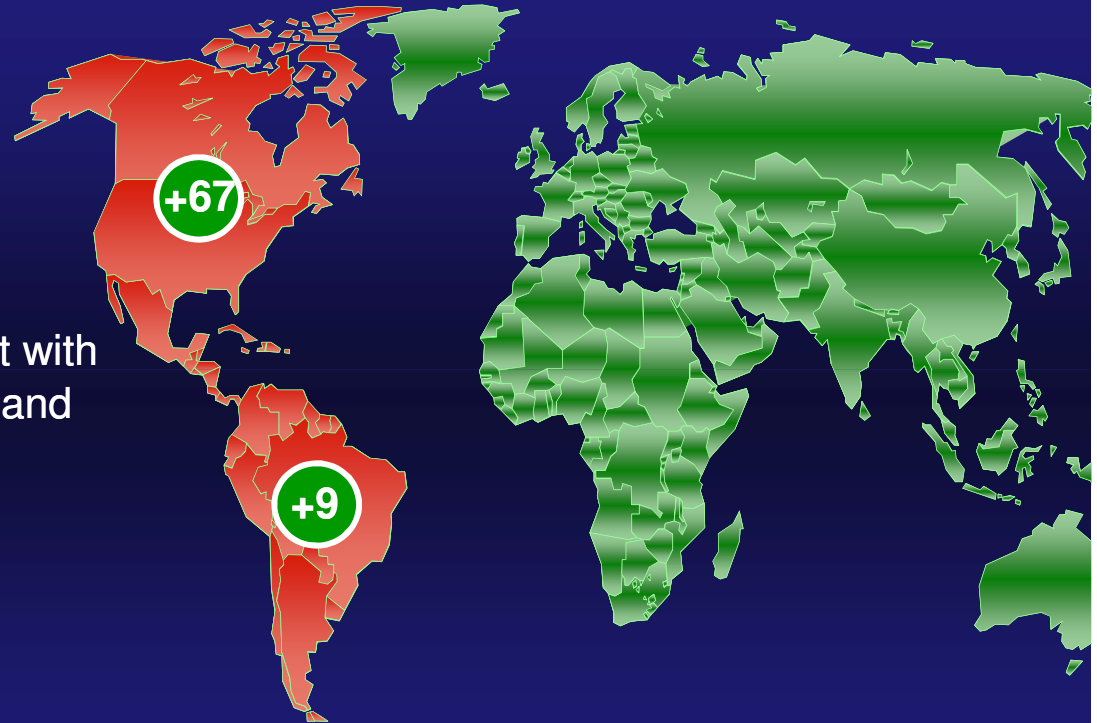


North America

- * All segments reported growth
- * Boost from largest order ever

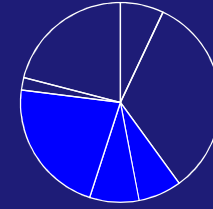
Latin America

- * Generally strong development with Energy & Environment, Food and Sanitary performing the best



Highlights Europe

July – September 2010, at constant rates



Western Europe incl. Nordic

- * Best development in UK and Mid Europe
- * Base business grew substantially

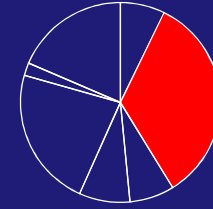
Central and Eastern Europe

- * Decline explained by non-repeats in Russia
- * Very good development for base business and Parts & Service



Highlights Asia

July – September 2010, at constant rates



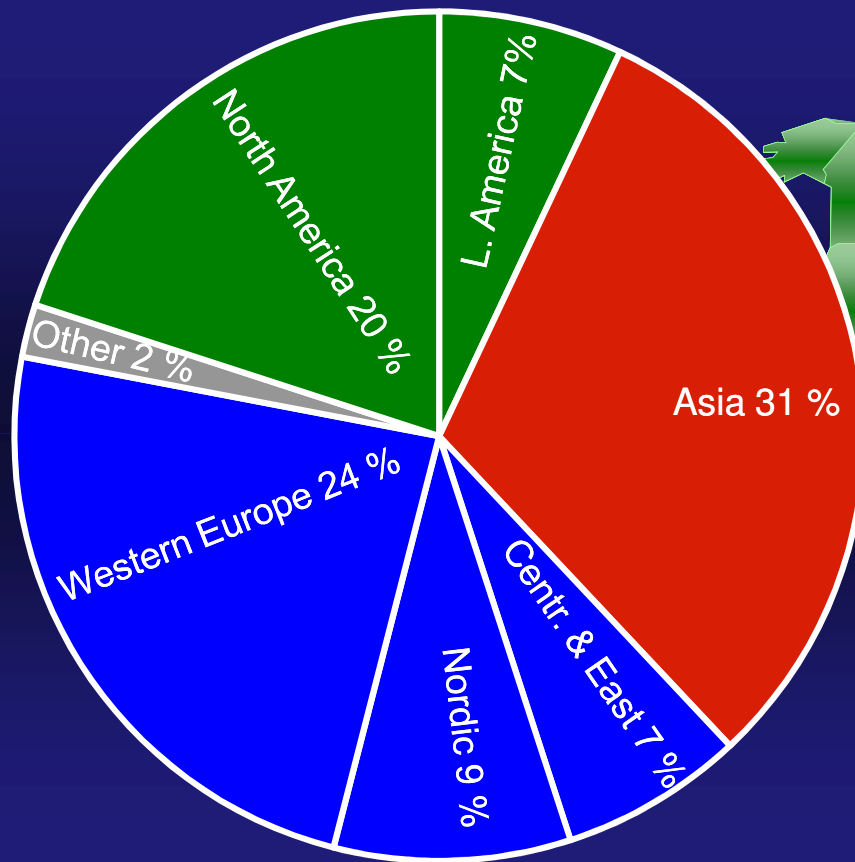
Asia

- * Broad positive development and strongest performance in China, India and Korea
- * Segments that stood out were OEM, Sanitary and Food



Orders received by Region

January – September 2010, at constant rates





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Mr. Thomas Thuresson
CFO
Alfa Laval Group

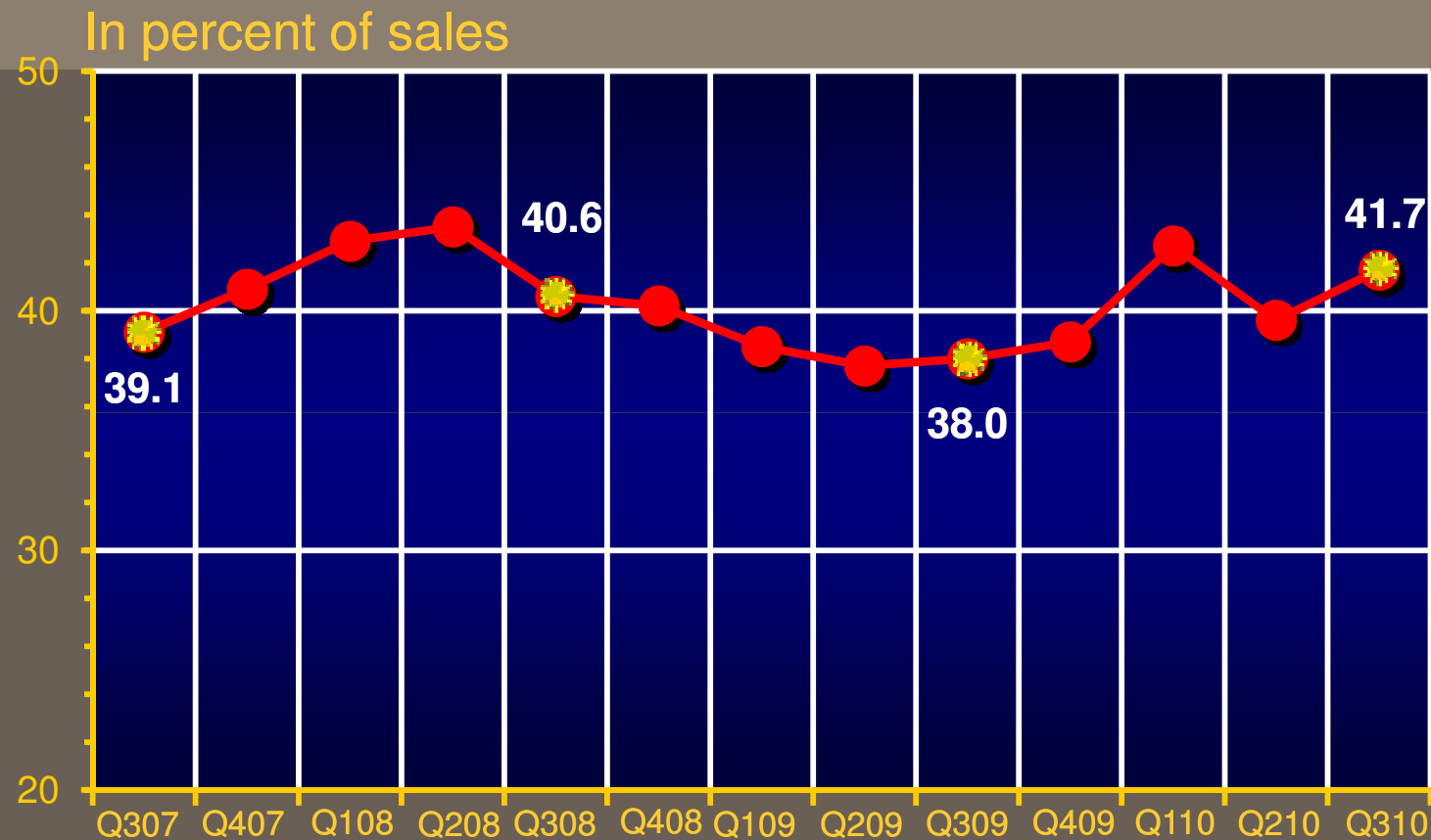
Highlights

SEK millions

July – September 2010

Order intake	6,134
Net sales	5,811

Gross profit margin



Gross Profit Margin

- analysis year-on-year and sequentially

In percent	Q3 2009	Q2 2010
Actual	38.0	39.6
- Foreign exchange, transaction	+ 2.1	- 0.4
- Change in product mix	+ 0.8	+ 1.1
Sub.total:	40.9	40.3
-Procurement (neg)		
-Productivity (pos)		
-Price adjustments (pos)		
-Margin in order backlog (neg)		
-Volume (pos)		
Actual for Q3 2010:	41.7	41.7

Highlights

SEK millions

July – September 2010

Order intake	6,134
Net sales	5,811
Adjusted EBITA	1,141
Adjusted EBITA-margin	19.6%
Profit before tax	1,044

Earnings per share

	July - Sep		Jan - Sep	
	2010	2009	2010	2009
Earnings	1.78	1.65	5.20	4.94
Earnings, excluding step-up	1.95	1.80	5.70	5.35

Repurchase of shares

	Sept 30
Repurchased shares for cancellation	2,583,151
Percentage of outstanding shares	0.6
Cash-out and decrease in parent company and consolidated equity (SEK mln)	-253

The AGM 2010 gave the Board a mandate to repurchase up to 5 percent of the company's issued shares up until the next AGM in 2011.

Highlights

SEK millions

July – Sept 2010

Order intake	6,134
Net sales	5,811
Adjusted EBITA	1,141
Adjusted EBITA-margin	19.6%
Profit before tax	1,044
Cash flow from operating activities	1,118
ROCE	35.8%
ROE	23.1%

Cash-flow statement

SEK millions	Jan – Sep 2010	Jan – Sep 2009
Cash flow from		
- operating activities	3,017	3,781
- investing activities	- 646	-2,541
Financial net paid	- 10	- 153
Total	2,361	1,087

Pro Forma Free cash-flow*	2,780	3,324
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**Incl. operating activities, capital expenditure and financial net paid.*

Foreign exchange

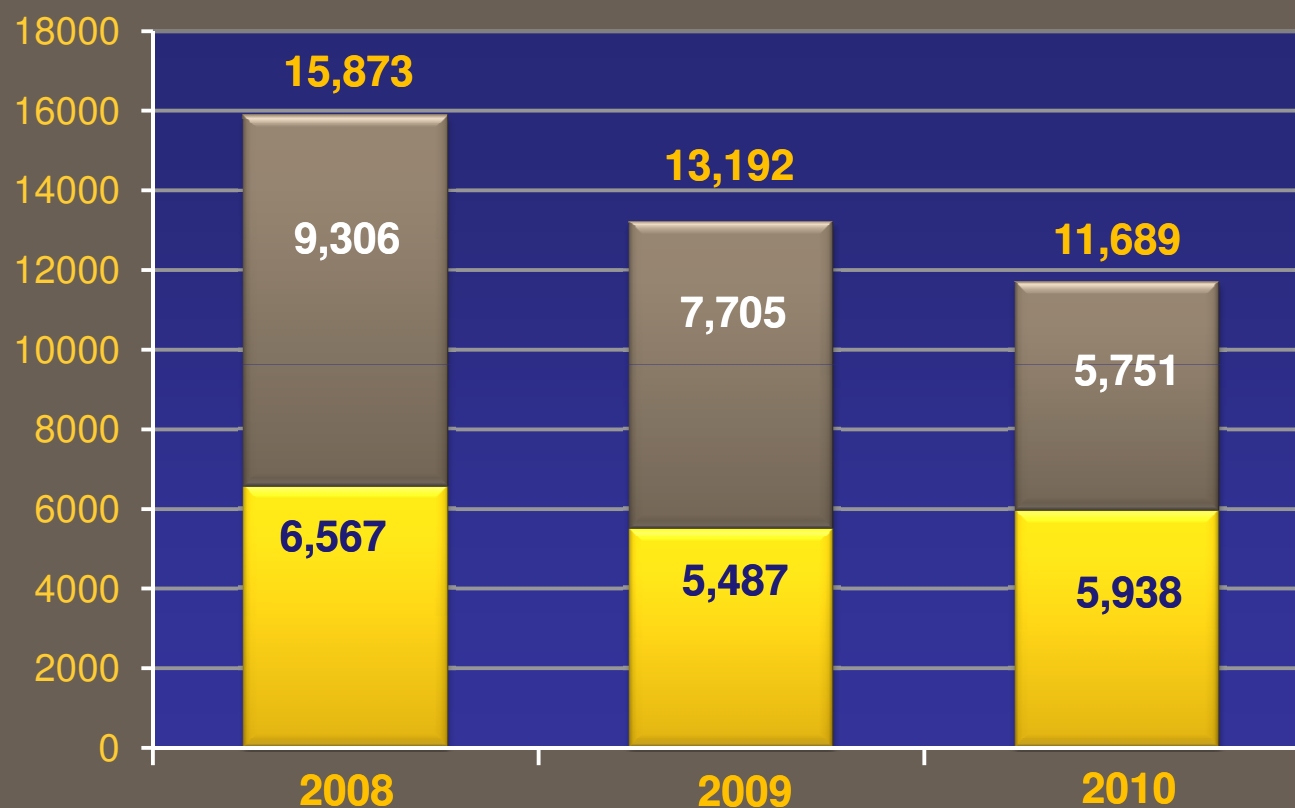
Estimated impact on adjusted EBITA from FX fluctuations

SEK million	Q3 10	9M 10	WY 10	WY 11*
Translation effect	+4	-71	- 160	-100
Transaction effect	+120	+395	+480	-240
Total	+124	+324	+320	-340

**Based on EUR/USD 1.38 and EUR/SEK 9.30*

Order backlog as per Sept 30

SEK millions



For delivery after current year
For delivery current year

Sales

Full year 2010

SEK (bln)

9M Sales		17.6
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Backlog	+	5.9
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Subtotal		23.5
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Remaining main parameters

Orders “in-for-out” 4Q (assuming 2009 level)	+	1.0
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Acquisitions (assuming no further acquisitions)	+	0.2
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FX (assuming current rates rest of year)	-	0.3
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Full year 2010	<u>appr</u>	<u>24.4</u>
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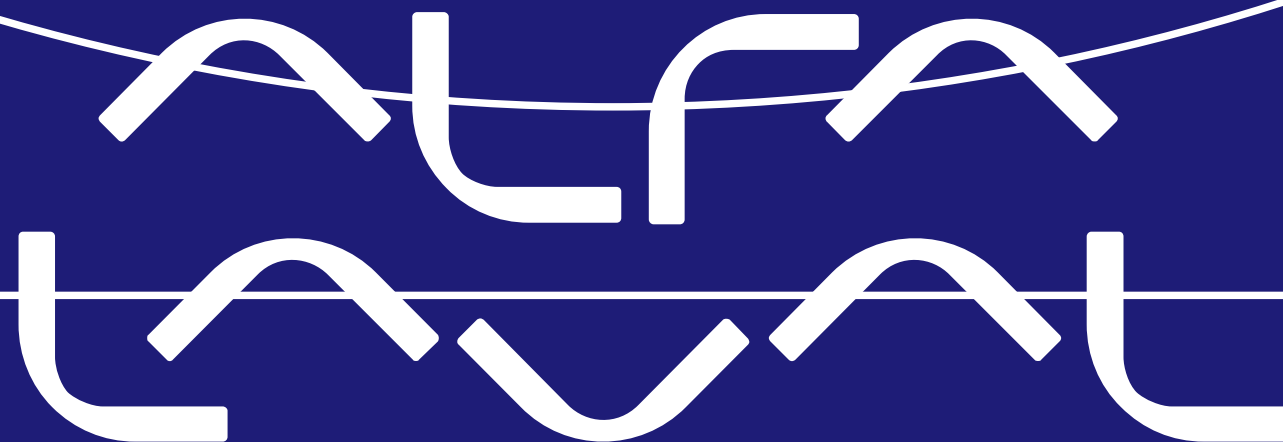
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Outlook for the fourth quarter

“We expect demand in the fourth quarter to be on about the same level as in the third quarter.”

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ALFA
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