Third quarter 2012

Summary

SEK millions	Third quarter 2012	2011	%	% *	First nine months 2012	2011	%	% *
Order intake	7,288	8,018	-9	-6	23,087	21,897	5	5
Net sales	7,052	7,571	-7	-4	21,694	20,503	6	5
Adjusted EBITA	1,177	1,431	-18		3,594	3,900	-8	
- adjusted EBITA margin (%)	16.7	18.9			16.6	19.0		
Result after financial items **	1,230	1,113	11		3,357	3,295	2	
Net income for the period	849	780	9		2,305	2,317	-1	
Earnings per share (SEK)	2.02	1.84	10		5.47	5.47	0	
Cash flow ***	992	1,031	-4		2,669	2,138	25	
Impact on EBITA of:								
- foreign exchange effects	-63	-114			-76	-388		
Impact on result after financial items of:								
- Aalborg integration costs	-	-			-	-80		

* excluding exchange rate variations ** first nine months 2012 includes financial exchange rate differences of SEK +233 million *** from operating activities

Comment from Lars Renström, President and CEO

"Order intake was SEK 7.3 billion during the third quarter, a decrease with 9 percent compared to the corresponding quarter 2011 and a sequential decline with 8 percent. The outcome was somewhat below our expectations.

Order intake for the Process Technology division was on a continued high level, partly driven by a good development for the Energy & Environment segment. The Equipment division had a good quarter. The Marine & Diesel division had a sequential decline of 15 percent, reflecting the low contracting levels at the ship yards earlier this year.

North and South America were the regions that delivered growth both compared to 2011 and sequentially. China reported continued growth, partly driven by an increased local presence.

During the quarter Alfa Laval strengthened the position within municipal and industrial wastewater treatment. Both through a new factory for manufacturing of decanters in China and an acquisition in the U.S. of a leading provider of belt filter presses, which is a complement and alternative to Alfa Laval's decanter range.

Sales decreased by 7 percent to SEK 7.1 billion at the same time as the operating result was SEK 1.2 billion, corresponding to an operating margin of 16.7 percent. The operating margin was thus somewhat improved compared to the second quarter. Sales and administration costs were reduced by 6 percent for comparable entities, while research and development increased according to plan with 4 percent. The cash flow continued to be strong."

Outlook for the fourth quarter

"We expect that demand during the fourth quarter 2012 will be in line with or somewhat lower than in the third quarter."

Earlier published outlook (July 17, 2012): "We expect that demand during the third quarter 2012 will be on about the same level as in the second quarter."

The interim report has been reviewed by the company's auditors, see page 25 for the review report.

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Management's discussion and analysis

Important events during the third quarter

During the third quarter 2012 Alfa Laval received large orders[1] for SEK 475 (525) million:

- An order to supply fresh water generators and diesel oil purifiers to major offshore platforms in Brazil. The order is worth approximately SEK 85 million and delivery is scheduled to start 2013 and be finalized in 2015.
- An order for heat exchanger systems to be used for district heating at a university in the US. The order is worth approximately SEK 70 million and delivery is scheduled to start in 2012 and be finalized in 2014.
- An order to supply Alfa Laval compact heat exchangers to a petrochemical company in Western Europe. The order value is approximately SEK 70 million and delivery is scheduled to start in 2013 and be finalized during 2014.
- An order to supply Alfa Laval Aalborg boilers to an offshore oil production vessel in Vietnam. The order value is approximately SEK 50 million and delivery is scheduled for 2013.
- An order to supply process equipment to two infrastructure projects in Russia. The order value is approximately SEK 130 million and delivery is scheduled for 2013.
- An order for compact heat exchangers from a refinery in Russia. The order value is approximately SEK 70 million and delivery is scheduled for 2013.

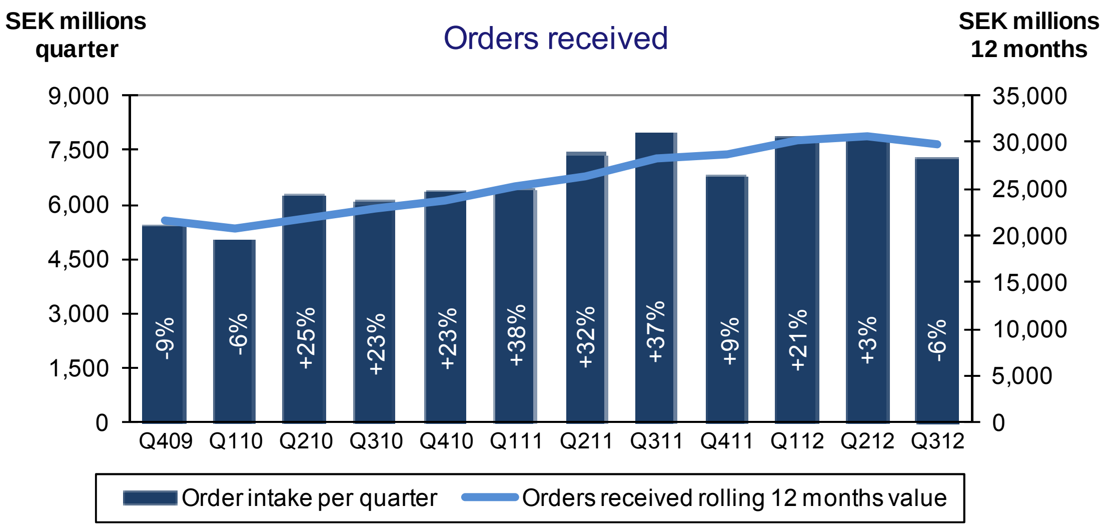
In addition it can be noted that Alfa Laval:

- increased the ownership in Alfa Laval (India) Ltd to 97.3 percent,
- on August 23, 2012 has acquired Gamajet Cleaning Systems, Inc., a leading provider of tank cleaning machines as well as self-contained and portable cleaning systems for the industrial and sanitary markets in North America.
- on August 1, 2012 has acquired Ashbrook Simon-Hartley, a leading provider of belt filter presses, which is a complement and alternative to Alfa Laval's decanter range in the dewatering of municipal and industrial wastewater.

Order intake

Orders received amounted to SEK 7,288 (8,018) million for the third quarter and to SEK 23,087 (21,897) million for the first nine months.

Compared with earlier periods the development per quarter has been as follows.



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

1. Orders with a value over EUR 5 million.

The change compared with the corresponding periods last year can be split into:

Order bridge

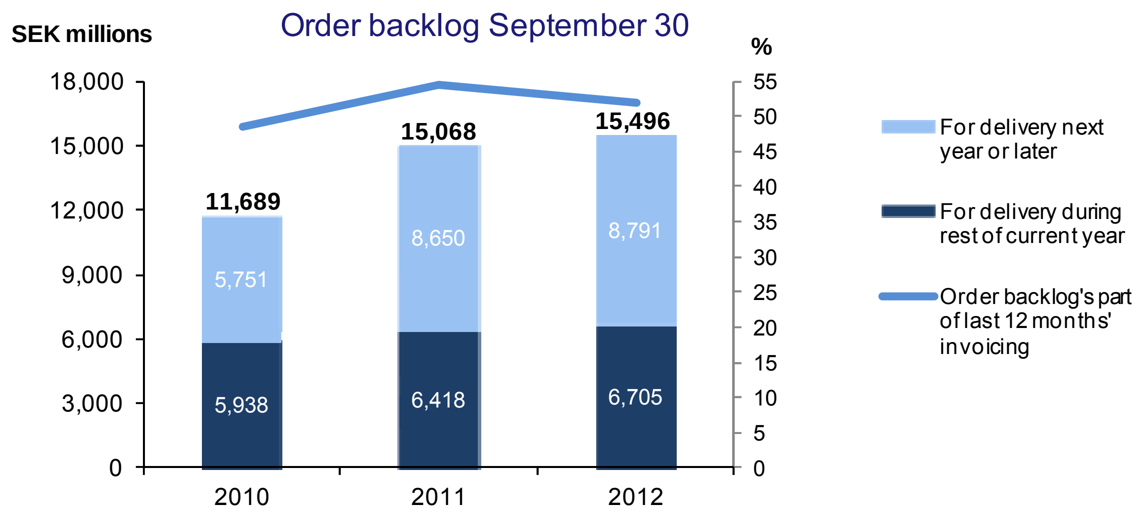
Consolidated	Order intake 2011 SEK millions	Change: Excluding currency effects – Structural change [2)] (%)	Organic development [3)] (%)	Total (%)	Change: After currency effects – Currency effects (%)	Total (%)	Order intake 2012 SEK millions
Third quarter	8,018	1.3	-7.1	-5.8	-3.3	-9.1	7,288
First nine months	21,897	2.8	2.3	5.1	0.3	5.4	23,087

Compared to the previous quarter the Group's order intake excluding currency effects was 3.6 percent lower. The corresponding organic development was a decrease by 5.0 percent.

Orders received from the aftermarket Parts & Service constituted 26.2 (24.3) percent of the Group's total orders received during the third quarter and 26.1 (25.3) percent during the first nine months.

Excluding currency effects, the order intake for Parts & Service increased by 0.9 percent during the third quarter 2012 compared to the corresponding quarter last year and decreased with 2.2 percent compared to the previous quarter.

Order backlog



Excluding currency effects and adjusted for acquisition of businesses the order backlog was unchanged compared to the order backlog at September 30, 2011 and 10.2 percent higher than the order backlog at the end of 2011.

2. Acquired businesses are: Aalborg Industries at May 1, 2011, a service company in the US at May 1, 2011, Vortex Systems at June 30, 2012, Ashbrook Simon-Hartley at August 1, 2012 and Gamajet Cleaning Systems Inc at August 23, 2012.
3. Change excluding acquisition of businesses.

Net sales

Net invoicing was SEK 7,052 (7,571) million for the third quarter and SEK 21,694 (20,503) million for the first nine months. The change compared with the corresponding periods last year can be split into:

Consolidated

Sales bridge

	Net sales 2011 SEK millions	Change: Excluding currency effects: Structural change (%)	Organic development (%)	Total (%)	After currency effects: Currency effects (%)	Total (%)	Net sales 2012 SEK millions
Third quarter	7,571	1.3	-5.4	-4.1	-2.8	-6.9	7,052
First nine months	20,503	4.5	0.8	5.3	0.5	5.8	21,694

Compared to the previous quarter the Group's net invoicing excluding currency effects was 5.8 percent lower. The corresponding organic development was a decrease by 7.2 percent.

Net invoicing relating to Parts & Service constituted 27.2 (25.7) percent of the Group's total net invoicing in the third quarter and 26.9 (26.1) percent in the first nine months.

Excluding currency effects, the net invoicing for Parts & Service increased by 1.2 percent during the third quarter 2012 compared to the corresponding quarter last year and decreased with 1.3 percent compared to the previous quarter.

Income

CONSOLIDATED COMPREHENSIVE INCOME

	Third quarter		First nine months		Full year	Last 12
SEK millions	2012	2011	2012	2011	2011	months
Net sales	7,052	7,571	21,694	20,503	28,652	29,843
Cost of goods sold	-4,567	-4,799	-13,933	-12,652	-17,829	-19,110
Gross profit	2,485	2,772	7,761	7,851	10,823	10,733
Sales costs	-871	-955	-2,687	-2,589	-3,410	-3,508
Administration costs	-297	-302	-968	-941	-1,601	-1,628
Research and development costs	-160	-158	-498	-473	-648	-673
Other operating income *	86	100	256	267	403	392
Other operating costs *	-188	-150	-633	-612	-876	-897
Operating income	1,055	1,307	3,231	3,503	4,691	4,419
Dividends and changes in fair value	2	2	3	5	0	-2
Interest income and financial exchange rate gains	349	-86	404	288	436	552
Interest expense and financial exchange rate losses	-176	-110	-281	-501	-451	-231
Result after financial items	1,230	1,113	3,357	3,295	4,676	4,738
Taxes	-381	-333	-1,052	-978	-1,425	-1,499
Net income for the period	849	780	2,305	2,317	3,251	3,239
Other comprehensive income:						
Cash flow hedges	130	-192	90	-138	-335	-107
Translation difference	-597	345	-830	21	-206	-1,057
Deferred tax on other comprehensive income	-34	39	-37	80	120	3
Comprehensive income for the period	348	972	1,528	2,280	2,830	2,078
Net income attributable to:						
Owners of the parent	847	773	2,295	2,295	3,223	3,223
Non-controlling interests	2	7	10	22	28	16
Earnings per share (SEK)	2.02	1.84	5.47	5.47	7.68	7.68
Average number of shares	419,456,315	419,456,315	419,456,315	419,456,315	419,456,315	419,456,315
Comprehensive income attributable to:						
Owners of the parent	351	965	1,518	2,265	2,812	2,065
Non-controlling interests	-3	7	10	15	18	13

* The line has been affected by comparison distortion items, see separate specification on page 7.

The gross profit has been affected by a limited negative price/mix effect compared to both the previous quarter and the corresponding period last year. Aalborg Industries' cost accounting has also continued to be adapted to Alfa Laval principles with a resulting shift of the costs to cost of goods sold. In addition, the gross margin in the quarter has been affected positively by a somewhat higher utilisation in the Group's factories.

Sales and administration expenses amounted to SEK 1,168 (1,257) million during the third quarter and SEK 3,655 (3,530) million during the first nine months 2012. Excluding currency effects and acquisition of businesses, sales and administration expenses were 6.4 percent lower and 0.2 percent lower respectively than the corresponding periods last year. The decrease in the quarter is a result of the measures initiated at the end of 2011.

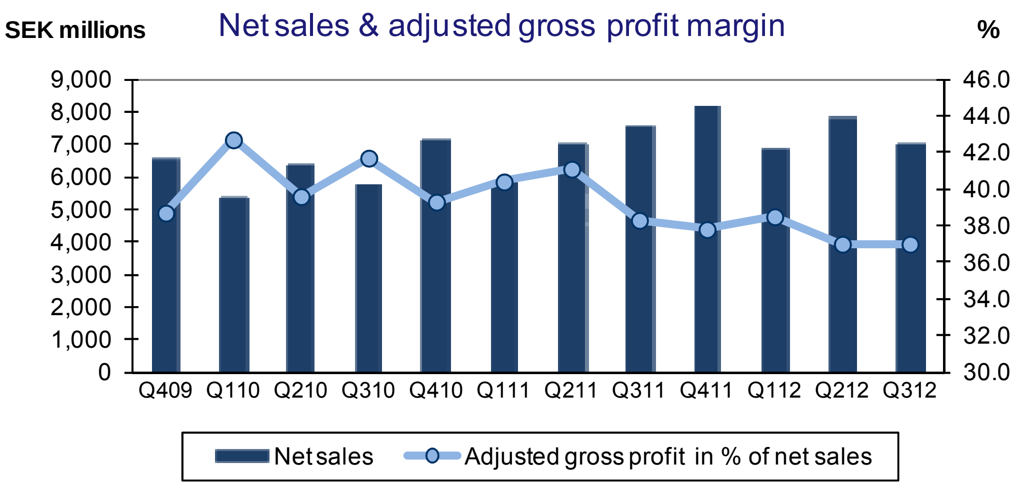
The costs for research and development during the first nine months 2012 corresponded to 2.3 (2.3) percent of net sales. Excluding currency effects and acquisition of businesses, the costs for research and development have increased by 4.4 percent during the third quarter and by 4.9 percent during the first nine months 2012 compared to the corresponding periods last year. The increase in the quarter as well as the first nine months is entirely in line with the established plan for product development.

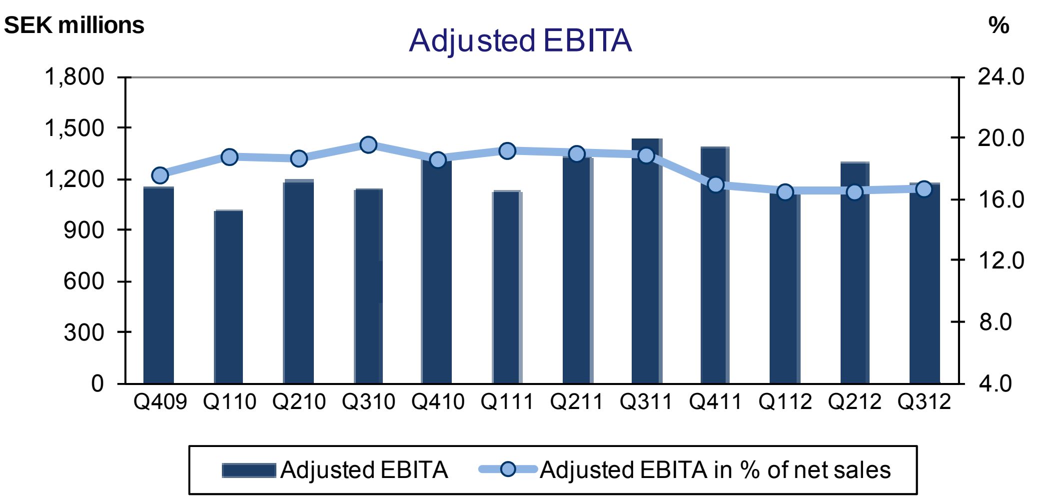
The net income attributable to the owners of the parent, excluding depreciation of step-up values and the corresponding tax, is SEK 6.58 (5.99) per share for the first nine months 2012.

Income analysis

Consolidated SEK millions	Third quarter 2012	Third quarter 2011	First nine months 2012	First nine months 2011	Full year 2011	Last 12 months
Net sales	7,052	7,571	21,694	20,503	28,652	29,843
Adjusted gross profit *	2,607	2,896	8,124	8,168	11,249	11,205
- in % of net sales	***37.0***	***38.3***	***37.4***	***39.8***	***39.3***	***37.5***
Expenses **	-1,320	-1,346	-4,198	-3,939	-5,513	-5,772
- in % of net sales	*18.7*	*17.8*	*19.4*	*19.2*	*19.2*	*19.3*
Adjusted EBITDA	**1,287**	**1,550**	**3,926**	**4,229**	**5,736**	**5,433**
- in % of net sales	*18.3*	*20.5*	*18.1*	*20.6*	*20.0*	*18.2*
Depreciation	-110	-119	-332	-329	-449	-452
Adjusted EBITA	**1,177**	**1,431**	**3,594**	**3,900**	**5,287**	**4,981**
- in % of net sales	***16.7***	***18.9***	***16.6***	***19.0***	***18.5***	***16.7***
Amortisation of step up values	-122	-124	-363	-317	-426	-472
Comparison distortion items	-	-	-	-80	-170	-90
Operating income	1,055	1,307	3,231	3,503	4,691	4,419

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





Comparison distortion items

The operating income for the third quarter 2012 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.

The comparison distortion cost during the first nine months 2011 of SEK -80 million is related to non-recurring integration costs in connection with the acquisition of Aalborg Industries.

Consolidated	Comparison distortion items					
	Third quarter		First nine months		Full year	Last 12
SEK millions	2012	2011	2012	2011	2011	months
Operational						
Other operating income	86	100	256	267	403	392
Comparison distortion income	-	-	-	-	-	-
Total other operating income	86	100	256	267	403	392
Other operating costs	-188	-150	-633	-532	-706	-807
Comparison distortion costs	-	-	-	-80	-170	-90
Total other operating costs	-188	-150	-633	-612	-876	-897

Consolidated financial net

The financial net has amounted to SEK -107 (-100) 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 -19 (-26) million, interest on the bilateral term loans SEK -63 (-40) million, interest on the private placement of SEK -12 (-13) million and a net of dividends and other interest income and interest costs of SEK -13 (-21) million. The net of realised and unrealised exchange rate differences amounts to SEK 233 (-108) million.

Key figures

Consolidated	Key figures		
	September 30		December 31
	2012	2011	2011
Return on capital employed (%) *	26.5	34.2	31.3
Return on equity capital (%) *	22.0	23.5	22.9
Solidity (%) **	42.0	41.5	43.9
Net debt to EBITDA, times *	0.71	0.75	0.59
Debt ratio, times **	0.26	0.29	0.22
Number of employees **	16,257	15,997	16,064

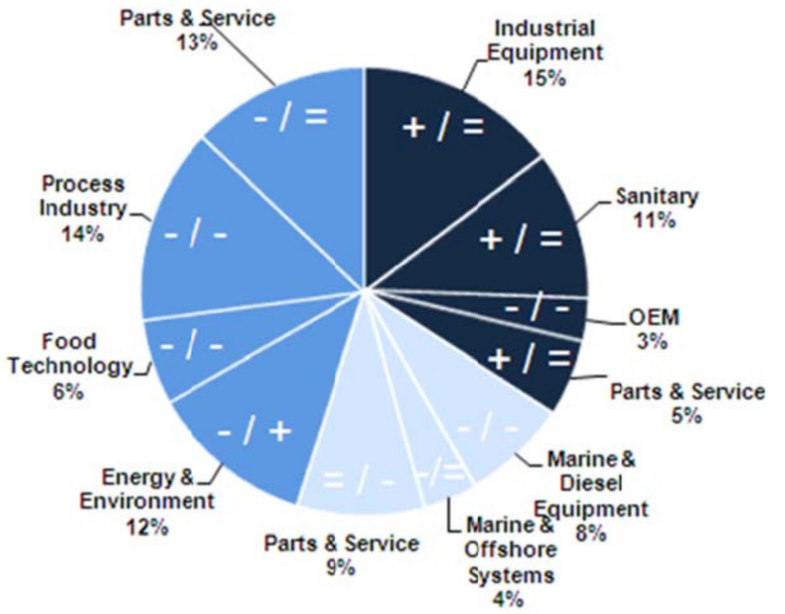
* Calculated on a 12 months' revolving basis. ** At the end of the period.

Business divisions

Starting at January 1, 2012 a new business division Marine & Diesel has been added to Alfa Laval's two business divisions Equipment and Process Technology. It consists of the absolutely greater part of the acquired Aalborg Industries that is engaged in marine applications and the former business segment Marine & Diesel and the marine part of Parts & Service from the Equipment division. The residual part of Aalborg Industries is included in Process Technology.

The development of the order intake for the divisions and their customer segments appears in the following charts.

Orders received by customer segment Q3 2012

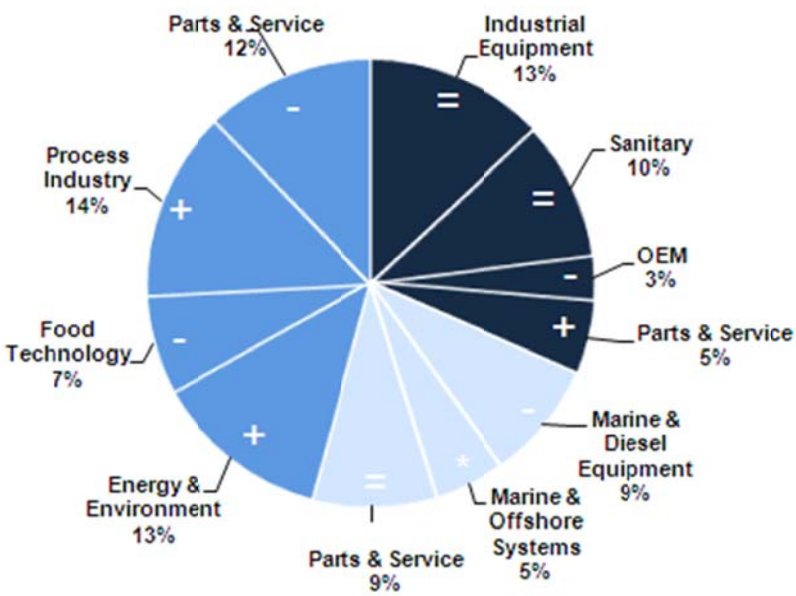


Q3 2012 compared to Q3 2011	/	Q3 2012 compared to Q2 2012

+ increase
- decrease
= unchanged (+/- 3 %)

at constant rates adjusted for acquisition of businesses

Orders received by customer segment YTD 2012



YTD 2012 compared to YTD 2011

* New customer segment, no corresponding period last year exists.

Equipment division

Consolidated	Third quarter		First nine months		Full year	Last 12
SEK millions	2012	2011	2012	2011	2011	months
Orders received	2,392	2,462	7,304	7,356	9,508	9,456
Order backlog*	1,694	1,736	1,694	1,736	1,385	1,694
Net sales	2,385	2,776	6,981	7,290	9,447	9,138
Operating income**	352	370	993	1,074	1,278	1,197
Depreciation and amortisation	41	41	121	117	156	160
Investments	6	1	30	39	67	58
Assets*	6,000	6,296	6,000	6,296	6,018	6,000
Liabilities*	861	1,036	861	1,036	1,063	861
Number of employees*	2,861	2,944	2,861	2,944	2,799	2,861

* At the end of the period. ** In management accounts.

Consolidated	Change excluding currency effects					
	Order intake			**Net sales**		
%	Structural change	Organic development	Total	Structural change	Organic development	Total
Q3 2012/2011	0.3	6.2	6.5	0.3	-2.1	-1.8
Q3/Q2 2012	0.3	-3.6	-3.3	0.3	4.5	4.8
YTD 2012/2011	0.5	0.2	0.7	0.5	-1.4	-0.9

All comments below are excluding exchange rate fluctuations.

Order intake

Order intake declined somewhat in the third quarter compared to the second. OEM faced lower demand, whereas all other segments were unchanged. From a geographical perspective China, India and South Korea all did well and the U.S. market had a continued stable development, whereas the overall European market declined.

Sanitary was flat compared to the second quarter, as a result of the mixed picture seen in the different end markets. The food & beverage market unit had a strong quarter, while products targeting the personal care market saw lower demand. US, China and Western Europe were all up, but the Nordic market reported a decline in orders. Industrial Equipment was unchanged from the second quarter, mainly due to a major HVAC project landed in the third quarter in North America. In general, products for the HVAC markets developed well whereas order intake for products targeting refrigeration applications was below the previous quarter. U.S. and China were both developing well while the European market, with a few exceptions, was slow. OEM faced lower demand in the third quarter than in the second, to a very large extent driven by lower order intake for air conditioning and heat pump applications. The demand in the European market was overall lower, while volumes were up in markets such as Japan and China.

The demand for parts and services was flat from the second quarter, reflecting the capital sales activity of the different end markets. Demand for parts and services for dairy, ice cream and HVAC applications was up, while volumes connected to refrigeration and general manufacturing applications declined.

Operating income

The reduction in operating income for Equipment during the third quarter 2012 compared to the corresponding period last year is mainly explained by a lower sales volume, mitigated by a positive price/mix variation and lower costs.

Process Technology division

Consolidated	Third quarter		First nine months		Full year	Last 12
SEK millions	2012	2011	2012	2011	2011	months
Orders received	3,452	3,651	10,605	9,840	12,738	13,503
Order backlog*	8,755	7,638	8,755	7,638	6,889	8,755
Net sales	2,920	3,054	9,064	8,504	12,160	12,720
Operating income**	473	567	1,624	1,733	2,506	2,397
Depreciation and amortisation	59	64	170	177	208	201
Investments	27	18	70	66	127	131
Assets*	9,675	9,671	9,675	9,671	9,500	9,675
Liabilities*	4,537	4,626	4,537	4,626	4,167	4,537
Number of employees*	4,793	4,506	4,793	4,506	4,531	4,793

* At the end of the period. ** In management accounts.

Consolidated	Change excluding currency effects					
	Order intake			**Net sales**		
%	Structural change	Organic development	Total	Structural change	Organic development	Total
Q3 2012/2011	2.7	-4.3	-1.6	3.1	-4.0	-0.9
Q3/Q2 2012	3.0	-1.4	1.6	3.0	-12.2	-9.2
YTD 2012/2011	1.9	5.8	7.7	2.0	4.6	6.6

All comments below are excluding exchange rate fluctuations.

Order intake

Order intake in the third quarter was on a continued high level and in line with the second quarter, supported by a continued good development for the Energy & Environment segment. Geographically, North as well as Latin America recorded significant growth while Asia showed a decline compared to the previous quarter. The decline is due to large orders, taken primarily in Korea in the second quarter, were not repeated. Overall it was large orders that supported the development, while the base business* declined somewhat.

Energy & Environment rose, lifted by the environmental business, which continued to grow. The market unit power also developed favourably and noted a strong upturn due to increased demand for both conventional power applications and nuclear. Some of the uncertainty which has been affecting the nuclear industry seems to be easing. The oil & gas sector showed a continued positive development, albeit not as strong as the very high levels noted earlier in the year. In the Process Industry segment, the petrochemicals market unit benefitted from several large capacity-related projects in the U.S., Middle East and Asia. The market unit refinery did not repeat the very large orders taken in the previous quarter, but overall the refinery sector remains positive, not least in Asia and the Middle East. The market unit for metals and paper noted a decline. The segment as a total was down compared to the second quarter. In Food Technology there were fewer large projects contracted for vegetable oil in Asia and Eastern Europe. The brewery sector, however, continued to develop favourably.

Parts & Service reported a continued stable development and grew slightly from the second quarter. The most significant development was noted in the energy and oil & gas related sectors followed by Food. Applications for the Process Industry, however, declined.

Operating income

The decrease in operating income for Process Technology during the third quarter 2012 compared to the corresponding period last year is mainly explained by lower sales volume and a changed mix in capital sales towards delivery of lower margin contract orders.

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

Marine & Diesel division

Consolidated	Third quarter		First nine months		Full year	Last 12
SEK millions	2012	2011	2012	2011	2011	months
Orders received	1,444	1,905	5,178	4,701	6,423	6,900
Order backlog*	5,047	5,694	5,047	5,694	5,462	5,047
Net sales	1,747	1,741	5,649	4,709	7,043	7,983
Operating income**	317	518	1,049	1,195	1,718	1,572
Depreciation and amortisation	54	59	167	122	196	241
Investments	14	21	27	21	44	50
Assets*	8,257	8,816	8,257	8,816	8,874	8,257
Liabilities*	2,478	1,911	2,478	1,911	2,256	2,478
Number of employees*	3,458	3,378	3,458	3,378	3,563	3,458

* At the end of the period. ** In management accounts.

Consolidated	Change excluding currency effects					
	Order intake			**Net sales**		
%	Structural change	Organic development	Total	Structural change	Organic development	Total
Q3 2012/2011	-	-27.0	-27.0	-	-11.6	-11.6
Q3/Q2 2012	-	-14.3	-14.3	-	-12.2	-12.2
YTD 2012/2011	9.2	-2.9	6.3	15.4	-3.7	11.7

All comments below are excluding exchange rate fluctuations.

Order intake

Order intake for the Marine & Diesel Division was down in the third quarter compared with the second quarter, reflecting the low contracting levels seen at the yards earlier in the year. At the same time demand for land-based diesel power solutions declined, as large orders taken in the second quarter were not repeated in the third.

Order intake for the Marine & Diesel Equipment segment was hence below the previous quarter, even as demand for environmental solutions showed growth. The Marine & Offshore Systems segment reported unchanged order intake compared to the second quarter.

Demand for parts and services declined as large orders taken in the second quarter, were not repeated in the third. Orders for Parts & Service still grew compared to the corresponding quarter last year.

Operating income

The decrease in operating income for Marine & Diesel during the third quarter 2012 compared to the corresponding period last year is mainly explained by higher costs for sales, administration and development due to acquisitions and lower margins on certain capital sales contracts.

Other

Other covers procurement, production and logistics as well as corporate overhead and non-core businesses.

Consolidated						
	Third quarter		First nine months		Full year	Last 12
SEK millions	2012	2011	2012	2011	2011	months
Orders received	0	0	0	0	2	2
Order backlog*	0	0	0	0	0	0
Net sales	0	0	0	0	2	2
Operating income**	-120	-143	-372	-368	-568	-572
Depreciation and amortisation	78	79	237	230	315	322
Investments	62	75	227	157	317	387
Assets*	5,414	5,429	5,414	5,429	5,178	5,414
Liabilities*	2,170	2,406	2,170	2,406	2,284	2,170
Number of employees*	5,145	5,169	5,145	5,169	5,171	5,145

* At the end of the period. ** In management accounts.

Reconciliation between divisions and Group total

Consolidated						
	Third quarter		First nine months		Full year	Last 12
SEK millions	2012	2011	2012	2011	2011	months
Operating income						
Total for divisions	1,022	1,312	3,294	3,634	4,934	4,594
Comparison distortion items	-	-	-	-80	-170	-90
Consolidation adjustments *	33	-5	-63	-51	-73	-85
Total operating income	1,055	1,307	3,231	3,503	4,691	4,419
Financial net	175	-194	126	-208	-15	319
Result after financial items	1,230	1,113	3,357	3,295	4,676	4,738
**Assets ** **						
Total for divisions	29,346	30,212	29,346	30,212	29,570	29,346
Corporate	5,257	4,933	5,257	4,933	4,933	5,257
Group total	34,603	35,145	34,603	35,145	34,503	34,603
**Liabilities ** **						
Total for divisions	10,046	9,979	10,046	9,979	9,770	10,046
Corporate	10,020	10,572	10,020	10,572	9,589	10,020
Group total	20,066	20,551	20,066	20,551	19,359	20,066

* Difference between management accounts and IFRS. ** At the end of the period.

Information about products and services

Consolidated	Net sales by product/service *					
	Third quarter		First nine months		Full year	Last 12
SEK millions	2012	2011	2012	2011	2011	months
Own products within:						
Separation	1,421	1,555	4,746	4,555	6,345	6,536
Heat transfer	3,890	4,323	11,795	11,185	15,480	16,090
Fluid handling	753	748	2,203	2,231	3,006	2,978
Other	303	142	759	439	670	990
Associated products	368	512	1,208	1,197	1,881	1,892
Services	317	291	983	896	1,270	1,357
Total	7,052	7,571	21,694	20,503	28,652	29,843

* 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 complement Alfa Laval's product offering. Services cover all sorts of service, service agreements etc.

New products during the third quarter

During the third quarter Alfa Laval has introduced among others the following new products:

ALDRUM G3

ALDRUM G3 is a new generation of mechanical sludge thickeners used within wastewater treatment. The ALDRUM G3 increases capacity with 30 percent and reduces the use of expensive chemicals by up to 10 percent resulting in a decrease of the total cost of ownership for the customer.

Alfa Blue Oil Cooler

The AlfaBlue Oil Cooler range have been completed with the first ever Aluminium tube air heat exchanger (BOA) in Alfa Laval history. The product range is especially targeted to transformer oil cooling and has been developed in close contact with the customers to be a perfect fit for their needs. It combines an industrial design for corrosive environments with a high level of standardisation, meeting the industry specifications. The range completes the most modern transformer oil cooling products on the market.

Alfa Laval Aalborg XS-TC7A

Alfa Laval Aalborg XS-TC7A is a compact and efficient waste heat recovery economizer for installation after the auxiliary engines. It optimizes the use of heat from the auxiliary engine exhaust gases during voyage and port stays. When used in combination with a waste heat recovery system installed after the main engine, the Aalborg XS-TC7A contributes to significant reductions in the oil consumption of the oil-fired boiler under most load conditions.

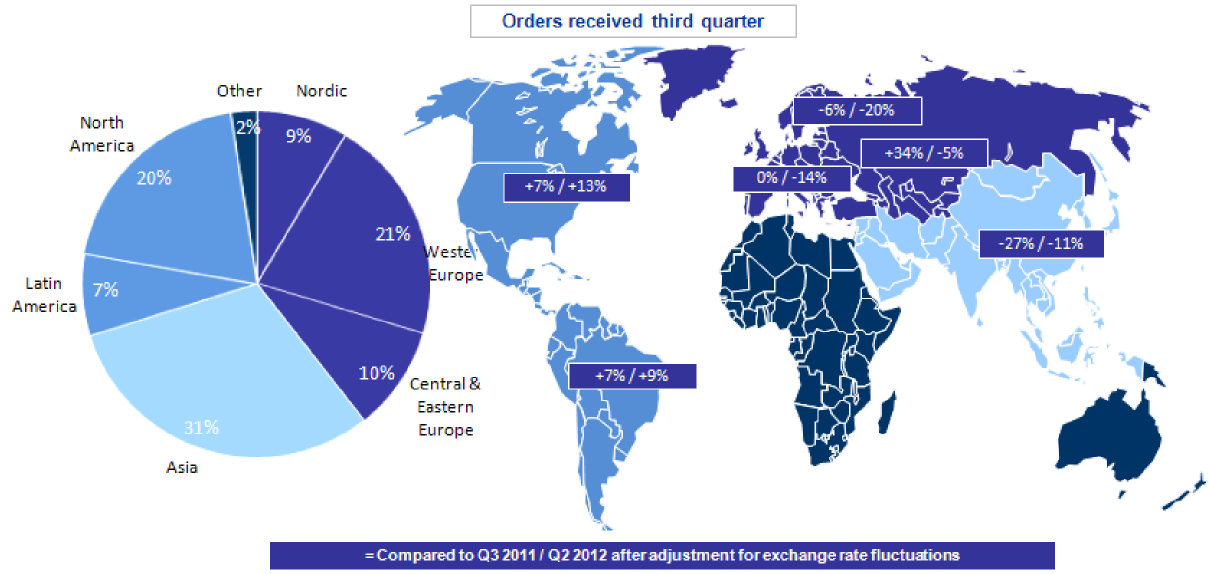
Midi Compact

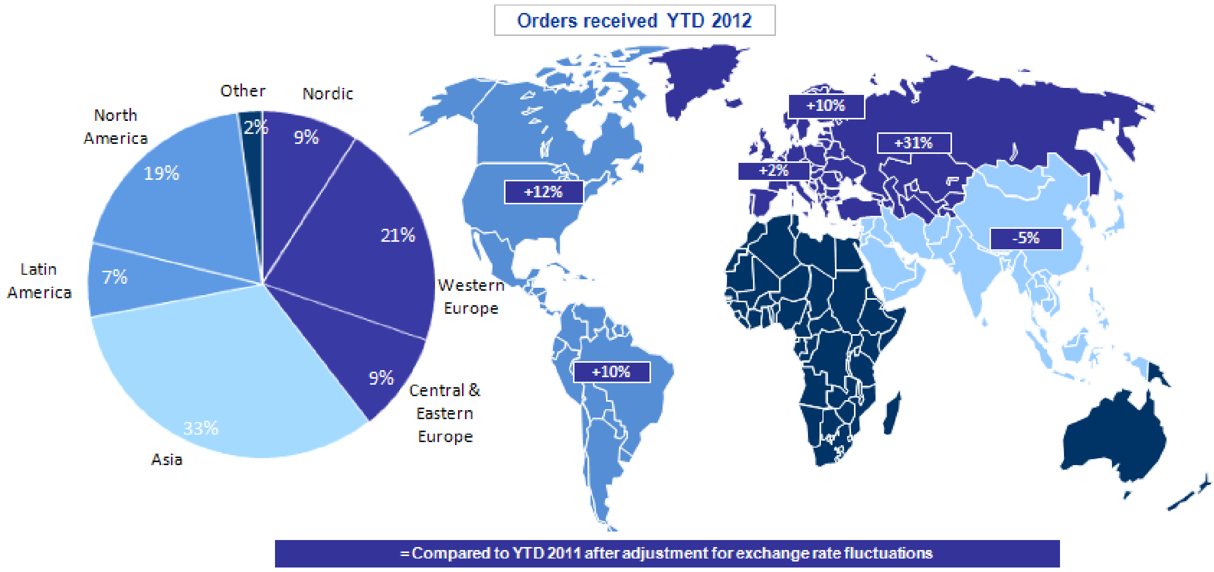
Midi Compact is a complete, ready-to-install district heating substation used for hot water supply and heating of multi-family houses. Midi Compact is designed for optimal return temperature, gives good cost and environmental savings for both district heating companies and end users. With its compact design and light weight Midi Compact is easy to install.

Rotacheck+

Rotacheck+ is used for rotation validation of rotary jet heads during cleaning processes. With its patented teach-in and monitoring system the Rotacheck+ is the only product on the market with a truly precise and reliable impact monitoring. It is mainly used within the pharma, personal care, brewery and food industries.

Information by region





All comments are after adjustment for exchange rate fluctuations.

Western Europe including Nordic

Order intake decreased in the third quarter compared with the second quarter impacted by the development in France, Benelux and the mid Europe sales region. The first two were down due to non-repeat large orders. There was an overall decline for both large orders and the base business*, while demand for Parts & Service was flat. The decline from a segment perspective was wide with only Industrial Equipment and Sanitary reporting a positive development.

Central and Eastern Europe

Order intake was down somewhat in the third quarter compared to the second as the base business recorded a decline. Still, the overall drop was from a very strong level and large orders continued to grow in the quarter. The Process Technology Division did particularly well with good demand recorded in power as well as infrastructure applications. Russia in particular showed good growth in large orders.

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

North America

Order intake grew in the region in the third quarter compared to the second quarter, mainly due to a continued high inflow of larger projects. The base business also reported continued growth. Industrial Equipment was one of the segments with the largest growth, boosted by a large order for heat exchanger systems to be used for district heating at a university in the U.S.. Sanitary was another segment to do well and demand for parts and services grew.

Latin America

Order intake was on a continued strong level in Latin America in the third quarter compared to the second, benefitting from a positive development for large orders. The base business, however, showed a decline. The Process Technology Division reported very good growth, particularly in the Energy and Environment segment. Within the Equipment Division, Industrial Equipment developed very well. In the region Brazil showed a good development, supported by strong demand within the oil & gas market unit as well as Parts & Service. The North Andean countries also had very good order development.

Asia

Order intake showed a decline in the third quarter compared to the second quarter as large orders booked in the second quarter for segments Process Industry and Food Technology were not repeated. The base business, however, held up on the same level as in the previous quarter. The best performing segments were Marine & Offshore Systems, boosted by a large order for boilers to an offshore oil production vessel in Vietnam, and Industrial Equipment. The best geographical development was reported for India and China.

Consolidated	Net sales					
	Third quarter		First nine months		Full year	Last 12
SEK millions	2012	2011	2012	2011	2011	months
To customers in:						
Sweden	195	229	618	687	942	873
Other EU	1,812	1,937	5,628	5,356	7,634	7,906
Other Europe	577	627	1,825	1,640	2,313	2,498
USA	1,099	962	3,474	2,804	3,832	4,502
Other North America	200	233	691	606	788	873
Latin America	488	612	1,452	1,449	1,981	1,984
Africa	65	52	210	152	216	274
China	798	1,103	2,449	2,768	3,772	3,453
Other Asia	1,708	1,714	5,055	4,747	6,774	7,082
Oceania	110	102	292	294	400	398
Total	7,052	7,571	21,694	20,503	28,652	29,843

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		
	September 30		December 31
SEK millions	2012	2011	2011
Sweden	1,496	1,542	1,553
Denmark	4,314	6,131	4,672
Other EU	3,977	3,833	4,361
Other Europe	308	339	329
USA	2,739	2,246	2,251
Other North America	118	118	121
Latin America	436	167	500
Africa	1	1	1
Asia	3,000	3,032	3,096
Oceania	94	92	97
Subtotal	16,483	17,501	16,981
Other long-term securities	20	40	25
Pension assets	378	325	346
Deferred tax asset	1,194	1,303	1,293
Total	18,075	19,169	18,645

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 a volume representing about 4 percent of net sales.

Cash flows

CONSOLIDATED CASH FLOWS

SEK millions	Third quarter 2012	Third quarter 2011	First nine months 2012	First nine months 2011	Full year 2011	Last 12 months
Operating activities						
Operating income	1,055	1,307	3,231	3,503	4,691	4,419
Adjustment for depreciation	232	243	695	646	875	924
Adjustment for other non-cash items	193	-23	198	48	167	317
	1,480	1,527	4,124	4,197	5,733	5,660
Taxes paid	-582	-293	-1,262	-1,031	-1,446	-1,677
	898	1,234	2,862	3,166	4,287	3,983
Changes in working capital:						
Increase(-)/decrease(+) of receivables	-62	-137	-111	-46	-157	-222
Increase(-)/decrease(+) of inventories	-292	943	-572	-1,261	-1,172	-483
Increase(+)/decrease(-) of liabilities	443	-1,065	521	229	611	903
Increase(+)/decrease(-) of provisions	5	56	-31	50	-140	-221
Increase(-)/decrease(+) in working capital	**94**	**-203**	**-193**	**-1,028**	**-858**	**-23**
	992	1,031	2,669	2,138	3,429	3,960
Investing activities						
Investments in fixed assets (Capex)	-109	-115	-354	-283	-555	-626
Divestment of fixed assets	0	-2	0	1	14	13
Acquisition of businesses	-368	-60	-1,620	-4,954	-4,956	-1,622
	-477	-177	-1,974	-5,236	-5,497	-2,235
Financing activities						
Received interests and dividends	27	26	76	57	91	110
Paid interests	-66	-67	-185	-148	-271	-308
Realised financial exchange differences	68	-92	86	232	285	139
Dividends to owners of the parent	-	-	-1,363	-1,258	-1,258	-1,363
Dividends to non-controlling interests	-	-	-8	-10	-10	-8
Increase(-)/decrease(+) of financial assets	-134	-25	160	219	-17	-76
Increase(+)/decrease(-) of borrowings	-181	-691	782	4,412	3,497	-133
	-286	-849	-452	3,504	2,317	-1,639
Cash flow for the period	229	5	243	406	249	86
Cash and bank at the beginning of the period	1,573	1,695	1,564	1,328	1,328	1,722
Translation difference in cash and bank	-78	22	-83	-12	-13	-84
Cash and bank at the end of the period	1,724	1,722	1,724	1,722	1,564	1,724
Free cash flow per share (SEK) *	1.23	2.04	1.66	-7.39	-4.93	4.11
Capex in relation to sales	1.5%	1.5%	1.6%	1.4%	1.9%	2.1%
Average number of shares	419,456,315	419,456,315	419,456,315	419,456,315	419,456,315	419,456,315

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

During the first nine months 2012 cash flows from operating and investing activities amounted to SEK 695 (-3,098) million. Depreciation, excluding allocated step-up values, was SEK 332 (329) million during the first nine months.

Financial position and equity

CONSOLIDATED FINANCIAL POSITION

	September 30		December 31
SEK millions	2012	2011	2011
ASSETS			
Non-current assets			
Intangible assets	12,743	13,610	13,045
Property, plant and equipment	3,740	3,890	3,936
Other non-current assets	1,592	1,669	1,664
	18,075	19,169	18,645
Current assets			
Inventories	6,475	6,290	6,148
Accounts receivable	4,973	5,073	5,080
Other receivables	2,623	2,342	2,280
Derivative assets	463	282	303
Other current deposits	270	267	483
Cash and bank *	1,724	1,722	1,564
	16,528	15,976	15,858
TOTAL ASSETS	34,603	35,145	34,503
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Owners of the parent	14,428	14,435	14,982
Non-controlling interests	109	159	162
	14,537	14,594	15,144
Non-current liabilities			
Liabilities to credit institutions	1,960	2,026	1,353
Swedish Export Credit	1,685	1,849	1,787
European Investment Bank	1,095	1,202	1,162
Private placement	715	748	758
Provisions for pensions and similar commitments	795	820	852
Provision for deferred tax	1,917	1,913	1,930
Other provisions	530	759	520
	8,697	9,317	8,362
Current liabilities			
Liabilities to credit institutions	251	266	132
Accounts payable	2,457	2,490	2,668
Advances from customers	2,278	1,905	2,020
Other provisions	1,584	1,623	1,612
Other liabilities	4,434	4,525	4,137
Derivative liabilities	365	425	428
	11,369	11,234	10,997
Total liabilities	20,066	20,551	19,359
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	34,603	35,145	34,503

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

Cash, bank and current deposits include bank and other deposits in the previously publicly listed subsidiary Alfa Laval (India) Ltd of SEK 144 (221) million. The company is not a wholly-owned subsidiary of the Alfa Laval Group. It is owned to 97.3 (88.8) percent.

Borrowings and net debt

Consolidated	September 30		December 31
SEK millions	2012	2011	2011
Credit institutions	2,211	2,292	1,485
Swedish Export Credit	1,685	1,849	1,787
European Investment Bank	1,095	1,202	1,162
Private placement	715	748	758
Capitalised financial leases	100	125	118
Interest-bearing pension liabilities	2	1	1
Total debt	5,808	6,217	5,311
Cash, bank and current deposits	-1,994	-1,989	-2,047
Net debt	3,814	4,228	3,264

Alfa Laval has a senior credit facility of EUR 301 million and USD 420 million, corresponding to SEK 5,272 million with a banking syndicate. At September 30, 2012 SEK 1,674 million of the facility was utilised. The facility matures in April 2016, with a one-year extension option. Alfa Laval also has a bilateral term loan with SHB of EUR 25 million, corresponding to SEK 211 million that matures in 2013.

The bilateral term loan with Swedish Export Credit is split on one loan of EUR 100 million that matures in 2014 and one loan of EUR 100 million that matures in 2021. The loan from the European Investment Bank of EUR 130 million matures in 2018. The private placement of USD 110 million matures in 2016.

CHANGES IN CONSOLIDATED EQUITY

	First nine months		Full year
SEK millions	2012	2011	2011
At the beginning of the period	15,144	13,582	13,582
Changes attributable to:			
Owners of the parent			
Comprehensive income			
Comprehensive income for the period	1,518	2,265	2,812
Transactions with shareholders			
Cancellation of repurchased shares	-	-7	-7
Bonus issue of shares	-	7	7
Increase of ownership in subsidiaries with non-controlling interests	-709	1	1
Dividends	-1,363	-1,258	-1,258
	-2,072	-1,257	-1,257
Subtotal	-554	1,008	1,555
Non-controlling interests			
Comprehensive income			
Comprehensive income for the period	10	15	18
Transactions with shareholders			
Decrease of non-controlling interests	-55	-1	-1
Non-controlling interests in acquired companies	-	-	0
Dividends	-8	-10	-10
	-63	-11	-11
Subtotal	-53	4	7
At the end of the period	14,537	14,594	15,144

Acquisition of businesses

Alfa Laval has acquired Gamajet Cleaning Systems, Inc., a leading provider of tank cleaning machines as well as self-contained and portable cleaning systems for the industrial and sanitary markets in North America. Gamajet, which had sales of approximately SEK 75 million in 2011 and some 30 employees, is headquartered in Exton, Pennsylvania. Lars Renström, President and CEO of the Alfa Laval Group, comments on the acquisition: "We have built the leading position within tank cleaning equipment over the past 10 years. Gamajet fits very well with our ambitions and it expands our product portfolio. It will especially extend our offer to the industrial market and also strengthen our position in North America." Gamajet Cleaning Systems will be integrated into Alfa Laval. The company is consolidated from August 23, 2012.

Alfa Laval has acquired Ashbrook Simon-Hartley, a leading provider of belt filter presses, which is a complement and alternative to Alfa Laval's decanter range in the dewatering of municipal and industrial wastewater. Ashbrook Simon-Hartley is headquartered in Houston, Texas, USA, with offices in the UK, Chile and Brazil, and has an installed base in many countries around the world. Lars Renström, President and CEO of the Alfa Laval Group, comments on the acquisition: "I'm very pleased that we have been able to acquire Ashbrook Simon-Hartley. With this acquisition we are adding a complementary and expanded range of products and solutions further strengthening our offer for municipal and industrial wastewater treatment applications." Ashbrook Simon-Hartley was founded more than 100 years ago, had sales of approximately SEK 500 million in 2011 and has about 250 employees. The intention is to integrate Ashbrook Simon-Hartley into Alfa Laval. The company is consolidated into Alfa Laval from August 1, 2012.

Alfa Laval has acquired the US based company Vortex Systems, a leading manufacturer of innovative mixing and blending solutions for the oil and gas industry. Lars Renström, President and CEO of the Alfa Laval Group, comments on the acquisition: "The acquisition of Vortex Systems will further strengthen our offering to the interesting oil and gas industry, both for onshore and offshore applications." Vortex Systems had sales of approximately SEK 100 million in 2011 and about 20 employees at its location in Houston, Texas, the US. The intention is to integrate Vortex Systems into Alfa Laval. The company is consolidated into Alfa Laval from June 30, 2012.

In a press release on September 19, 2011 Alfa Laval communicated its proposal to buy all outstanding shares in its subsidiary Alfa Laval (India) Ltd and seek delisting of the shares from Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The proposal came on the back of regulatory changes in India which requires Alfa Laval (India) Ltd to have a minimum public float of 25 percent or seek delisting. At the time, Alfa Laval held 88.8 percent of the share capital of Alfa Laval (India), meaning the public float was 11.2 percent. The objective is to achieve full ownership of the subsidiary, which will provide Alfa Laval with increased operational flexibility to support the business and meet the customers' needs. In a reverse book building process that was finalised on February 23, 2012 minority shareholders together holding more than the necessary 50 percent of the public float were willing to sell to Alfa Laval at a price of INR 4,000 per share. The Board of Directors of Alfa Laval AB therefore decided to proceed with the delisting process. Through the acquisition of the 1.03 million shares Alfa Laval has achieved an ownership of 94.5 percent, which enabled Alfa Laval (India) Ltd to apply for delisting from both stock exchanges. The applications have been approved and Alfa Laval (India) Ltd was delisted on April 12, 2012. The cost for the acquisition of the shares has been SEK 553 million. As a part of the process the remaining minority owners can sell their shares to Alfa Laval for INR 4,000 during the next 12 months. During the first five months until September 30, 2012 minority owners with an additional 0.52 million shares have sold their shares to Alfa Laval for SEK 263 million, which has increased Alfa Laval's ownership to 97.3 percent. If all shareholders in the end sell their shares to Alfa Laval at this exit price the acquisition will incur a consideration of approximately SEK 1,065 million.

If Alfa Laval had not succeeded in achieving an ownership of 94.4 percent the company would have been required to increase the public float to 25 percent latest in June 2013.

The acquisitions during the first nine months 2012 can be summarized as follows:

Consolidated	Acquisitions 2012						
	Minority in Alfa Laval (India) Ltd			Others			Total
SEK millions	Book value	Adjustment to fair value	Fair value	Book value	Adjustment to fair value	Fair value	Fair value
Property, plant and equipment	-	-	-	43	-	43	43
Patents and unpatented know-how [1]	-	-	-	-	314	314	314
Inventory	-	-	-	61	-	61	61
Accounts receivable and other receivables	-	-	-	155	-	155	155
Accounts payable and other liabilities	-	-	-	-93	-	-93	-93
Deferred tax	-	-	-	-	-117	-117	-117
Acquired net assets	-	-	-	166	197	363	363
Goodwill [2]			-			408	408
Equity attributable to owners of parent			-709			-	-709
Currency translation			-52			-	-52
Equity attributable to non-controlling interests			-55			-	-55
Purchase price			-816			-771	-1,587
Costs directly linked to the acquisitions [3]			-6			-2	-8
Retained part of purchase price [4]			-			90	90
Payment of amounts retained in prior years			-			-115	-115
Effect on the Group's liquid assets			-822			-798	-1,620

1. The step up values for patents and unpatented know-how are amortised over 10 years.
2. The goodwill is relating to estimated synergies in procurement, logistics and corporate overheads and the companies' ability to over time recreate its intangible assets. The value of the goodwill is still preliminary.
3. Refers to fees to lawyers, due diligence and assisting counsel. Has been expensed as other operating costs.
4. Contingent on certain warranties in the contract not being triggered or that certain profitability goals are fulfilled. The probable outcome has been calculated.

Parent company

The parent company's result after financial items was SEK 89 (79) million, out of which net interests SEK 92 (76) million, realised and unrealised exchange rate gains and losses SEK -2 (1) million, costs related to the listing SEK -3 (-2) million, fees to the Board SEK -3 (-2) million, cost for annual report and annual general meeting SEK -3 (-3) million and other operating income and operating costs the remaining SEK 8 (9) million.

PARENT COMPANY INCOME *

	Third quarter		First nine months		Full year
SEK millions	2012	2011	2012	2011	2011
Administration costs	-1	-1	-9	-7	-11
Other operating income	3	3	10	11	6
Other operating costs	-1	0	-2	-2	-5
Operating income	1	2	-1	2	-10
Revenues from interests in group companies	-	-	-	-	2,084
Interest income and similar result items	28	31	94	78	115
Interest expenses and similar result items	-3	0	-4	-1	-2
Result after financial items	26	33	89	79	2,187
Appropriation to tax allocation reserve	-	-	-	-	-115
Tax on this year's result	-6	-9	-23	-21	-110
Net income for the period	20	24	66	58	1,962

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

PARENT COMPANY FINANCIAL POSITION

	September 30		December 31
SEK millions	2012	2011	2011
ASSETS			
Non-current assets			
Shares in group companies	4,669	4,669	4,669
Current assets			
Receivables on group companies	7,437	6,838	9,287
Other receivables	211	88	42
Cash and bank	-	-	-
	7,648	6,926	9,329
TOTAL ASSETS	12,317	11,595	13,998
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Restricted equity	2,387	2,387	2,387
Unrestricted equity	8,370	7,764	9,668
	10,757	10,151	12,055
Untaxed reserves			
Tax allocation reserves, taxation 2006-2012	1,549	1,434	1,549
Current liabilities			
Liabilities to group companies	9	9	393
Accounts payable	2	1	0
Tax liabilities	-	-	1
Other liabilities	0	-	0
	11	10	394
TOTAL EQUITY AND LIABILITIES	12,317	11,595	13,998

Owners and shares

Owners and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 34,564 (35,698) shareholders on September 30, 2012. The largest owner is Tetra Laval B.V., the Netherlands who owns 26.1 (21.2) percent. The increase in ownership is due to the acquisitions of shares that Tetra Laval B.V. made in the fourth quarter 2011. Next to the largest owner there are nine institutional investors with ownership in the range of 7.0 to 0.7 percent. These ten largest shareholders own 50.0 (50.2) percent of the shares.

Repurchase of shares

The Annual General Meeting 2012 gave the Board a mandate to decide on repurchase of the company's shares – if the Board deems this appropriate – until the next Annual General Meeting. The mandate referred 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 would be made through purchases on OMX Nordic Exchange Stockholm. Until September 30, 2012 Alfa Laval has not made any repurchases.

Nomination Committee for the Annual General Meeting 2013

In accordance with a resolution taken at the Annual General Meeting of Alfa Laval AB on April 23, 2012, the Chairman of the Board, Anders Narvinger, has contacted the largest shareholders to constitute the Nomination Committee in preparation of the Annual General Meeting 2013. The following persons have accepted to be part of the Nomination Committee: Jörn Rausing, Tetra Laval, Bo Selling, Alecta, Claes Dahlbäck, Foundation Asset Management, Jan Andersson, Swedbank Robur Fonder and Lars-Åke Bokenberger, AMF Pension.

The Annual General Meeting of Alfa Laval AB will be held at Färs & Frosta Sparbank Arena, Klostergårdens idrottsområde, Stattenavägen in Lund, Sweden on Tuesday April 23, 2013, at 16.00 (CET).

Shareholders who wish to submit proposals for the Nomination Committee in preparation of the Annual General Meeting can turn to the Chairman of the Board of Alfa Laval AB, Anders Narvinger or to the other shareholder representatives. Contact can also be made directly via e-mail to valberedningen@alfalaval.com.

Risks and other

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 the business cycle. It is the company's opinion that the description of risks made in the Annual Report for 2011 is still correct.

Asbestos-related lawsuits

The Alfa Laval Group was as of September 30, 2012, named as a co-defendant in a total of 707 asbestos-related lawsuits with a total of approximately 793 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.

Accounting principles

The interim report for the third quarter 2012 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.

"Third quarter" refers to the period July 1 to September 30 and "First nine months" refers to the period January 1 to September 30. "Full year" refers to the period January 1 to December 31. "Last 12 months" refers to the period October 1, 2011 to September 30, 2012. "The corresponding period last year" refers to the third quarter 2011 or the first nine months 2011 depending on the context. "Previous quarter" refers to the second quarter 2012.

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.

The accounting and valuation principles of the parent company comply with the Swedish Annual Accounts Act and the recommendation RFR 2

"Accounting for legal entities" issued by the Council for Financial Reporting in Sweden.

Date for the next financial reports

The fourth quarter and full year 2012 report will be published on February 5, 2013.

Alfa Laval will publish interim reports during 2013 at the following dates:

Interim report for the first quarter	April 23
Interim report for the second quarter	July 18
Interim report for the third quarter	October 29

The interim report has been issued on October 23, 2012 at CET 7.30 by the President and Chief Executive Officer Lars Renström by proxy from the Board of Directors.

Lund, October 23, 2012,

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

Review report

Introduction

We have performed a review of the condensed interim financial statements (the interim report) for Alfa Laval AB (publ) at September 30, 2012 and the nine months' period then ended. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim 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 International Standards on Auditing 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 interim report, in all material aspects, is not prepared for the Group 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, October 23, 2012,

Staffan Landén	Håkan Olsson Reising
Authorised Public Accountant	Authorised Public Accountant

Alfa Laval in brief

Food, energy and environment

Alfa Laval has developed products since the 1880s, with the vision of creating better everyday conditions for people. Alfa Laval's products are particularly topical in today's world, where increasing focus is being placed on identifying ways to save energy and protect the environment. This involves treating water, reducing carbon emissions and minimizing water and energy consumption, as well as heating, cooling, separating and transporting food – areas that impact us all in various ways.

Three key technologies to fulfil basic needs

Alfa Laval is a leading global supplier of products and solutions for heat transfer, separation and fluid handling. The company's key products – heat exchangers, boilers, separators, pumps and valves – play a vital role in areas that are crucial for society, such as energy, the environment and food. Alfa Laval's products are used in the manufacturing of food, chemicals, pharmaceuticals, starch, sugar and ethanol. They are also used in nuclear power, onboard vessels and in the engineering sector, mining industry and refinery sector, as well as for treating wastewater and creating a comfortable indoor climate. They also reduce the consumption of energy and water and minimize carbon emissions.

Factors for future growth

There are some clearly positive trends in the world: average life expectancy is constantly increasing, reaching nearly 70 years and global poverty is continuously decreasing. However, everything is related and on the minus side are the negative effects on the environment. Emissions generated by industry, international trade and growing urbanization are thus being met by increasing numbers of regulatory systems and laws in the field of energy and the environment. For Alfa Laval, all of these are factors for future growth. The company's products and expertise contribute to improving conditions for people in their everyday lives. This involves treating water, reducing carbon emissions, reducing water and energy consumption, and heating, cooling, separating and transporting food. Alfa Laval's factors for future growth have thus been established in four defined areas: Energy, Food, Globalization (International Trade) and the Environment. They are areas crucial to human development in which we already make or can make an even more positive impact.

1. Growing demand for energy requires efficient solutions.
2. Higher standards of living boost demand for processed food.
3. More international trade drives demand for transportation.
4. Intensified focus on the environment generates opportunities for Alfa Laval.

1. Heat transfer

2. Separation

3. Fluid handling