



Q1 2019



Strong order intake in Q1

- Demand remained on a high level across most of Alfa Laval's end markets.
- Order intake reached new record level of SEK 12.2 billion.
- Marine order intake grew 51 %, mainly driven by environmental systems.
- Continued good demand from end markets in the Energy division.
- Food & Water operating margin at 16.6 %, boosted by higher net sales and a positive mix.
- The adjusted EBITA margin reached 17 % and the result in all divisions improved. Good cost control in sales and admin contributed.
- EPS increased by 16 % to SEK 2.90.

Outlook for the second quarter

"We expect demand in the second quarter to be somewhat lower than in the first quarter."

Earlier published outlook (February 5, 2019):
"We expect demand in the first quarter to be somewhat higher than in the fourth quarter."

Dividend

The Board of Directors propose a dividend of SEK 5.00 (4.25) per share.

The Q1 2019 report has not been subject to review by the company's auditors.

Summary

SEK millions	Q1			
	2019	2018	%	% *
Order intake	12,213	10,025	22	16
Net sales	10,158	8,851	15	9
Adjusted EBITA **	1,728	1,497	15	
- adjusted EBITA margin (%) **	17.0	16.9		
Result after financial items	1,622	1,469	10	
Net income for the period	1,225	1,049	17	
Earnings per share (SEK)	2.90	2.49	16	
Cash flow from operating activities	959	666	44	
Impact on adjusted EBITA of foreign exchange effects	95	35		
Impact on result after financial items of comparison distortion items	-	67		
Return on capital employed (%) **	21.9	18.5		
Net debt to EBITDA, times **/***	1.19	1.22		

* Excluding currency effects. ** Alternative performance measures.

*** Net debt to EBITDA for Q1 2019 excluding IFRS 16 impact: 0.84.



Comment from

Tom Erixon

President and CEO

"Demand in most of Alfa Laval's end markets remained on a high level in the first quarter of 2019. Order intake grew compared to the same period last year, reaching a record level of SEK 12.2 billion. The book-to-bill in the quarter was 1.2 and the value of the total order book was almost SEK 26 billion – reflecting two years of solid demand growth.

The main driver in the quarter was Marine. The division reported 50 percent order growth compared to last year, boosted by environmental applications. The trend noted throughout 2018 continued, with orders for PureBallast ramping-up as expected, and with PureSOx orders on a continued high level. Demand from the end markets of the Energy Division continued to perform well and Food & Water stayed on the strong path it has been on for several quarters.

The regions showed a continued positive development in the quarter, with no signs of impact on the business conditions from a slowing global economy. North America remained strong, supported by positive energy markets. The business conditions in China, as well as the rest of Asia, remained favourable. In Europe conditions were overall stable.

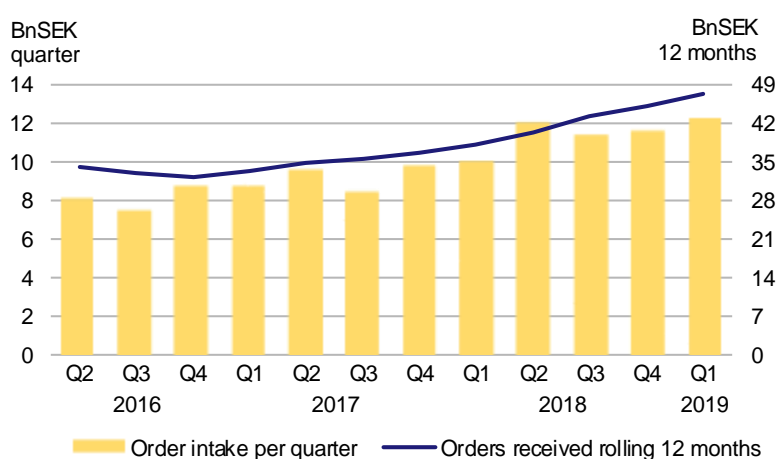
The operating margin reached 17 percent, with all three divisions making progress. Further support to the margin came from good cost control in sales & administration. Energy successfully addressed earlier imbalances in the supply chain and noted a margin improvement despite relatively low invoicing. Marine benefited from volume growth and Food & Water saw a positive impact from volume and its long-term work on project selectivity."

Tom Erixon,
President and CEO

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Financial overview

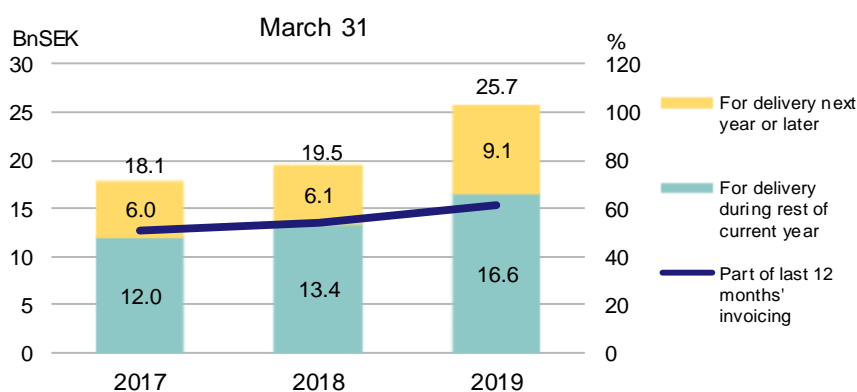
Order intake



Orders received was SEK 12,213 (10,025) million in the first quarter 2019.

Orders received from the aftermarket Service constituted 25.0 (29.0) percent of the Group's total orders received during the first quarter 2019.

Order backlog



Excluding currency effects and adjusted for acquisition and divestment of businesses the order backlog was 25.7 percent larger than the order backlog at March 31, 2018 and 8.6 percent larger than the order backlog at the end of 2018.

Net sales

Net invoicing was SEK 10,158 (8,851) million for the first quarter 2019.

Net invoicing relating to Service constituted 27.7 (30.0) percent of the Group's total net invoicing in the first quarter 2019.

Order bridge	
SEK millions/%	Q1
2018	10,025
Organic ¹⁾	16.5%
Structural ¹⁾	-0.7%
Currency	6.0%
Total	21.8%
2019	12,213

1) Change excluding currency effects

Order bridge Service	
SEK millions/%	Q1
2018	2,905
Organic ¹⁾	-0.6%
Structural ¹⁾	-0.1%
Currency	5.6%
Total	4.9%
2019	3,047

1) Change excluding currency effects

Sales bridge	
SEK millions/%	Q1
2018	8,851
Organic ¹⁾	9.8%
Structural ¹⁾	-0.6%
Currency	5.6%
Total	14.8%
2019	10,158

1) Change excluding currency effects

Sales bridge Service	
SEK millions/%	Q1
2018	2,656
Organic ¹⁾	0.5%
Structural ¹⁾	-0.1%
Currency	5.7%
Total	6.1%
2019	2,818

1) Change excluding currency effects

- Structure: acquisition/divestment of businesses.
- Organic: change excluding acquisition/divestment of businesses.
- Service: Parts and service.

Income analysis

SEK millions	Q1		Jan-Dec	Last 12
	2019	2018	2018	months
Net sales	10,158	8,851	40,666	41,973
Adjusted gross profit *	3,861	3,387	14,774	15,248
- adjusted gross margin (%) *	38.0	38.3	36.3	36.3
Expenses **	-1,912	-1,735	-7,430	-7,607
- in % of net sales	18.8	19.6	18.3	18.1
Adjusted EBITDA *	1,949	1,652	7,344	7,641
- adjusted EBITDA margin (%) *	19.2	18.7	18.1	18.2
Depreciation	-221	-155	-626	-692
Adjusted EBITA *	1,728	1,497	6,718	6,949
- adjusted EBITA margin (%) *	17.0	16.9	16.5	16.6
Amortisation of step-up values	-257	-254	-1,038	-1,041
Comparison distortion items	-	67	151	84
Operating income	1,471	1,310	5,831	5,992

The gross profit has been affected positively by a higher sales volume and by currency effects, but negatively by an unfavourable mix between capital sales and service.

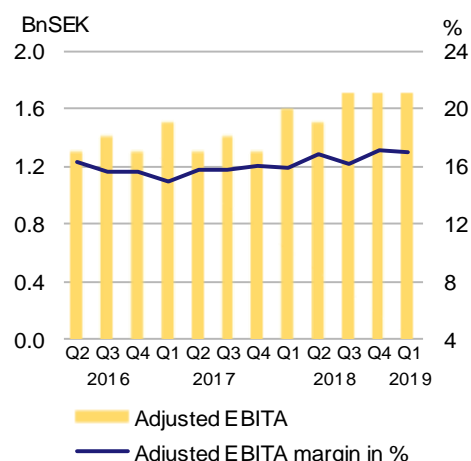
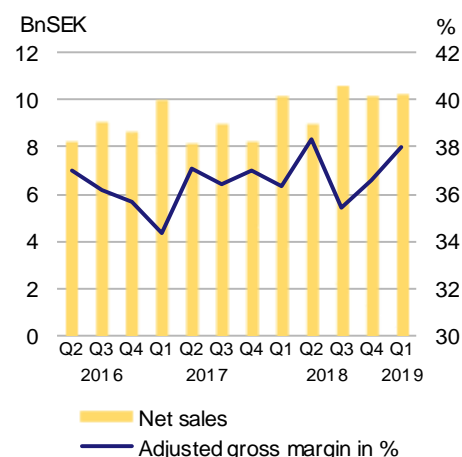
Sales and administration expenses were SEK 1,669 (1,555) million during the first quarter 2019, corresponding to 16.4 (17.6) percent of net sales. Excluding currency effects and acquisition/divestment of businesses, sales and administration expenses were 3.8 percent higher than the corresponding period last year.

The costs for research and development during the first quarter 2019 corresponded to 2.6 (2.5) percent of net sales. Excluding currency effects and acquisition/divestment of businesses, the costs for research and development have increased by 18.2 percent during the first quarter 2019 compared to the corresponding period last year. The increase in costs for research and development is explained by the investment in product development.

Earnings per share, excluding amortisation of step-up values and the corresponding tax*, was SEK 3.40 (2.98) for the first three months 2019.

Comparison distortion items

Other operating income has been affected by comparison distortion items of SEK - (67) million in the first quarter 2019. The comparison distortion income in the first quarter 2018 was relating to the sale of a property in Lima in Peru with a realised gain of SEK 67 million.



Consolidated financial net and taxes

The financial net for the first quarter 2019 was SEK -41 (-5) million, excluding realised and unrealised exchange rate losses and gains. The main elements of costs were interest on the debt to the banking syndicate of SEK -1 (-1) million, interest on the bilateral term loans of SEK -12 (-11) million, interest on the corporate bonds of SEK -21 (-20) million and a net of dividends, changes in fair value and other interest income and interest costs of SEK -7 (27) million. The net of realised and unrealised exchange rate differences was SEK 192 (164) million.

The tax on the result after financial items was SEK 397 (-420) million in the first quarter 2019.

Cash flow

During the first quarter 2019 cash flows from operating and investing activities were SEK 465 (556) million. Depreciation, excluding allocated step-up values, was SEK 221 (155) million during the first quarter 2019.

Acquisition of businesses during the first quarter 2019 with SEK -61 (-) million is relating to the acquisition of Airec.

Key figures

	Mar 31		Dec 31
	2019	2018	2018
Return on capital employed (%) ¹⁾	21.9	18.5	22.4
Return on equity (%) ²⁾	20.2	14.9	20.3
Solidity (%) ³⁾	40.1	40.3	40.6
Net debt to EBITDA, times ⁴⁾	1.19	1.22	0.93
Debt ratio, times ⁴⁾	0.36	0.35	0.30
Number of employees ⁵⁾	17,510	16,513	17,228

1) Alternative performance measure.

2) Net income in relation to average equity, calculated on 12 months' revolving basis, expressed in percent.

3) Equity in relation to total assets at the end of the period, expressed in percent.

4) Alternative performance measures. Lease liabilities have increased by SEK 2,766 million as per January 1, 2019 due to the initial application of IFRS 16 Leases, which affects the net debt at March 31, 2019. Excluding this effect, the net debt to EBITDA would instead have been 0.84 and the debt ratio 0.25.

5) At the end of the period.

Energy Division

The division targets customers in oil and gas extraction, oil and gas processing and transport, refinery, petrochemicals and power generation, but also construction related applications such as heating, ventilation and cooling and in the mining and metal industries and lighter industries.

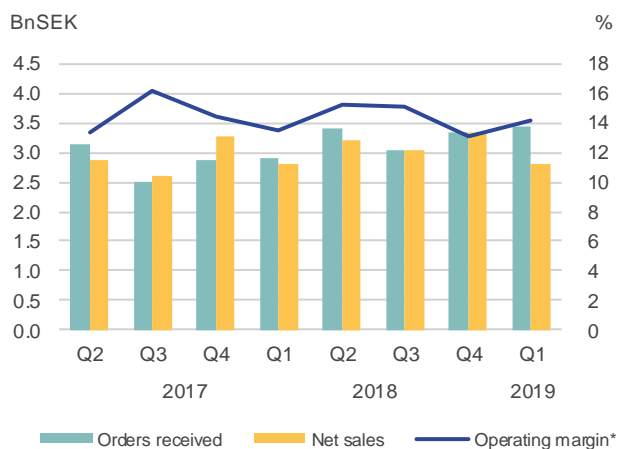
Focus is increased energy efficiency and sustainable solutions.

- Order intake grew with 18 percent in the quarter, whereof 11 percent organically.
- Order intake from customers in the hydro carbon chain increased, mainly driven by midsized orders and LNG-projects.
- The HVAC business benefitted from increased investments in data centres and higher demand from heat pump manufacturers.
- Operating income improved, despite lower invoicing, as earlier problems with imbalances in certain parts of the supply chain in Q4 have been resolved.

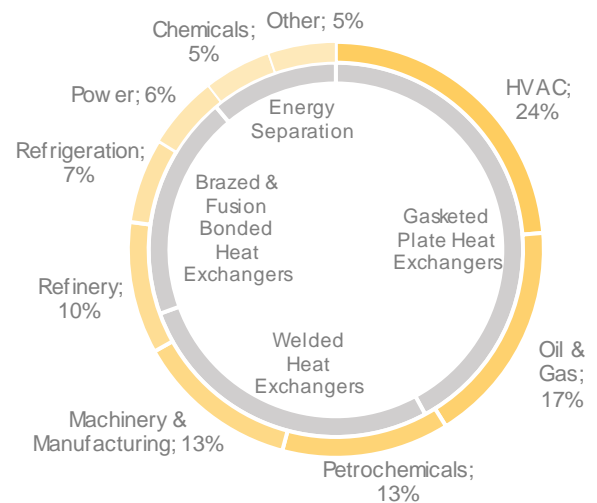
SEK millions	Q1		Jan-Dec 2018	Last 12 months
	2019	2018		
Orders received	3,448	2,915	12,685	13,218
Order backlog*	5,629	4,554	4,857	5,629
Net sales	2,807	2,812	12,413	12,408
Operating income**	399	381	1,770	1,788
Operating margin***	14.2%	13.5%	14.3%	14.4%
Depreciation and amortisation	77	74	304	307
Investments****	44	9	83	118
Assets*	11,296	10,614	10,362	11,296
Liabilities*	4,637	4,422	4,323	4,637
Number of employees*	2,914	3,065	3,112	2,914

* At the end of the period. ** In management accounts. *** Operating income in relation to net sales. **** Excluding new leases.

Quarterly development



Order intake Jan-Mar 2019 split per end market/business unit





Order intake*

The Energy Division's overall order volumes increased in the first quarter compared to the corresponding quarter last year, as strong demand from most industries generated good growth.

Order intake from customers in the hydro carbon chain increased compared to last year, mainly driven by mid-sized orders and LNG-projects (Liquefied Natural Gas). China's and the rest of Asia's increasing focus on cleaner air is one factor prompting North American investments in new LNG production capacity. The refinery and petrochemical businesses also reported growth versus last year. Drilling, which has oscillated on a rather low level for a long period of time, saw a continued muted development. Order intake from the HVAC sector grew significantly in the quarter, driven by continued investments in data centres and higher demand for heat pumps. The pulp & paper industry, with its increasing focus on sustainability issues such as water treatment, also showed a good order development with increasing volumes for both the base business** and mid-sized orders.

Service reported lower volumes compared to the same quarter last year.

Net sales

Net sales came in somewhat lower than last year, mainly due to delays for some projects. For the rest of the business, deliveries grew in line with order intake.

Operating income

The shortfall in invoicing gave a negative volume effect, which was fully compensated by a positive mix effect. Overhead costs were slightly higher reflecting the integration cost of a recent acquisition. Currency had an overall positive impact on the result.

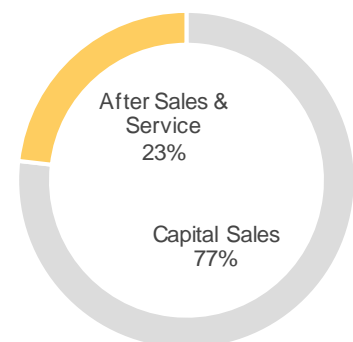
Order bridge	
SEK millions/%	Q1
2018	2,915
Organic ¹⁾	11.4%
Structural ¹⁾	0.1%
Currency	6.8%
Total	18.3%
2019	3,448

1) Change excluding currency effects

Sales bridge	
SEK millions/%	Q1
2018	2,812
Organic ¹⁾	-5.9%
Structural ¹⁾	0.1%
Currency	5.6%
Total	-0.2%
2019	2,807

1) Change excluding currency effects

Order intake Jan-Mar 2019 split on:



Income bridge	
SEK millions	Q1
Operating income 2018	381
Volume ¹⁾	-54
Mix ¹⁾	77
Costs ¹⁾	-17
Currency	12
Operating income 2019	399

1) Change excluding currency effects

* Comments excluding currency effects.

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



Food & Water Division

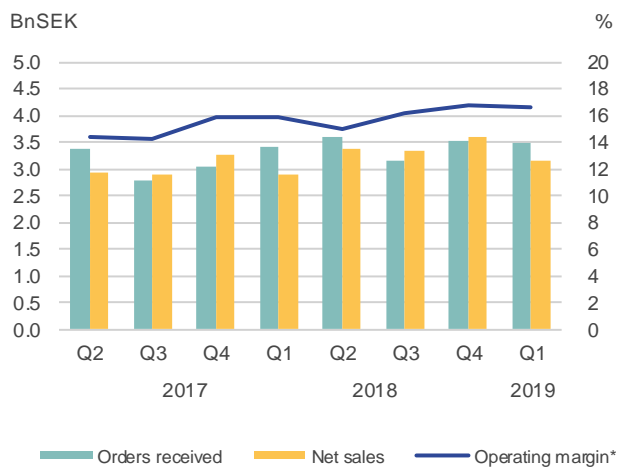
The division offers different types of products for heat transfer, separation and hygienic fluid handling and targets customers in food, pharmaceuticals, biotech, vegetable oils, brewery, dairy and body care products. In addition, the division focuses on public and industrial water treatment as well as wastewater and waste treatment.

- Order intake was virtually unchanged compared to the first quarter last year.
- A broad-based underlying growth compensated for the non-repeat of a large brewery order taken the corresponding quarter last year .
- Net sales rose as a result of a strong order intake development towards the end of 2018.
- The operating margin was strong, at 16.6 percent, following increased net sales and a favourable mix.

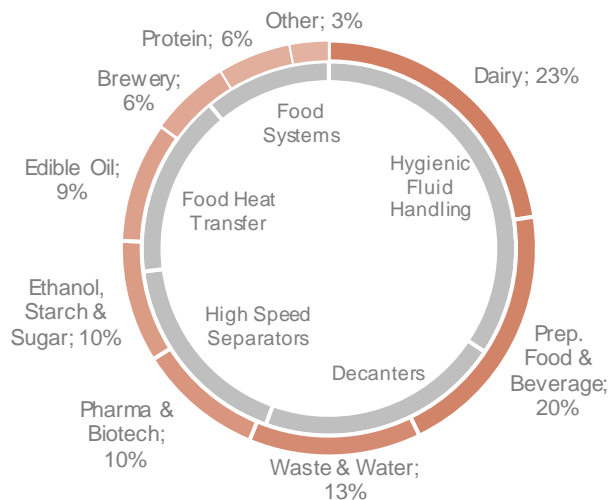
SEK millions	Q1		Jan-Dec	Last 12
	2019	2018	2018	months
Orders received	3,480	3,411	13,691	13,760
Order backlog*	5,304	4,820	4,860	5,304
Net sales	3,153	2,880	13,210	13,483
Operating income**	524	454	2,110	2,180
Operating margin***	16.6%	15.8%	16.0%	16.2%
Depreciation and amortisation	50	34	145	161
Investments****	44	24	132	152
Assets*	10,392	9,321	9,675	10,392
Liabilities*	4,788	4,595	4,612	4,788
Number of employees*	4,311	4,115	4,194	4,311

* At the end of the period. ** In management accounts. *** Operating income in relation to net sales. **** Excluding new leases.

Quarterly development



Order intake Jan-Mar 2019 split per end market/business unit





Order intake*

The division's order intake was virtually unchanged in the first quarter compared to last year as a broad-based demand growth managed to almost fully compensate for the lack of a repeat of the large brewery order booked in the first quarter last year.

Demand from pharma and biotech customers increased, as a result of a generally positive industry sentiment. This sector has seen a continued build-out of capacity for a long period of time, reflecting among other things ongoing global demographic changes. Order intake from the water and waste sector was also substantially higher, driven by a large order for decanter centrifuges to be used for sludge treatment in a U.S. municipal waste water treatment plant. Order intake from customers in the protein industry showed clear growth compared to the first quarter of last year. Larger orders performed well, but the most significant growth was noted in the base business, primarily for separation equipment such as high-speed separators and decanters. Order intake from the brewery sector came in lower, as a result of the previously mentioned large non-repeat project. The industry sentiment is however still favourable amid a continued positive trend for craft brewing as well as growing interest for producing non-alcoholic beers. Dairy also noted a slight contraction compared to a very strong quarter last year. The underlying business sentiment is, however, still positive.

The aftermarket grew slightly, with support from most end-market industries.

Net sales

Net sales rose in the quarter, compared to the corresponding quarter last year, as a result of the strong order intake towards the end of 2018.

Operating income

The increase in net sales gave a positive volume effect in the first quarter. The operating income also benefitted from a favourable mix and a positive foreign exchange development, mitigated by higher costs due to the increased activity level.

Order bridge

SEK millions/%	Q1
2018	3,411
Organic ¹⁾	-3.2%
Structural ¹⁾	-
Currency	5.2%
Total	2.0%
2019	3,480

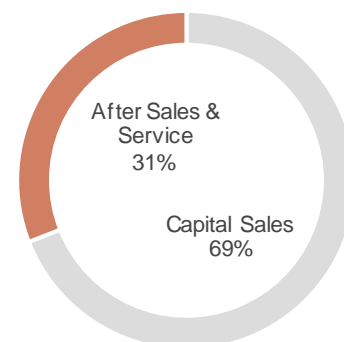
1) Change excluding currency effects

Sales bridge

SEK millions/%	Q1
2018	2,880
Organic ¹⁾	4.3%
Structural ¹⁾	-
Currency	5.2%
Total	9.5%
2019	3,153

1) Change excluding currency effects

Order intake Jan-Mar 2019 split on:



Income bridge

SEK millions	Q1
Operating income 2018	454
Volume ¹⁾	46
Mix ¹⁾	23
Costs ¹⁾	-21
Currency	22
Operating income 2019	524

1) Change excluding currency effects

* Comments excluding currency effects.



Marine Division

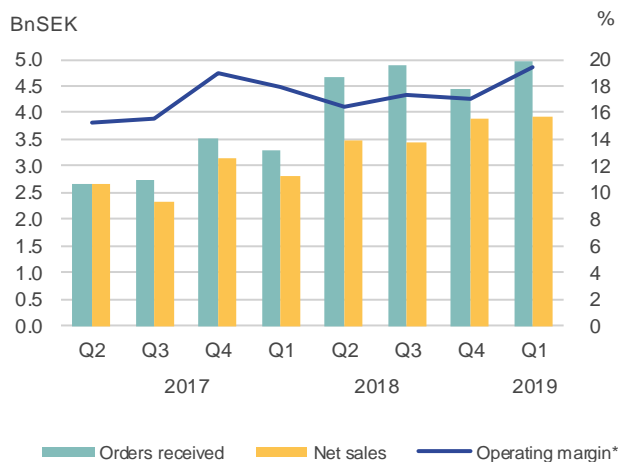
The division's customers include shipowners, ship yards, manufacturers of diesel and gas engines, as well as companies that work with offshore extraction of oil and gas. The offering includes heat transfer equipment, high speed separators and several different environmental products and systems to clean ballast water and exhaust gases.

- Order intake grew by 51 percent, whereof 44 percent organically, mainly driven by PureSOx and PureBallast.
- Demand also rose for the business linked to ship building – following a favourable contracting development in 2018.
- The service business saw a stable demand for all parts of the offering and for all product groups.
- Operating income was lifted by a strong volume effect following increased invoicing of PureSOx, PureBallast and pumping systems.

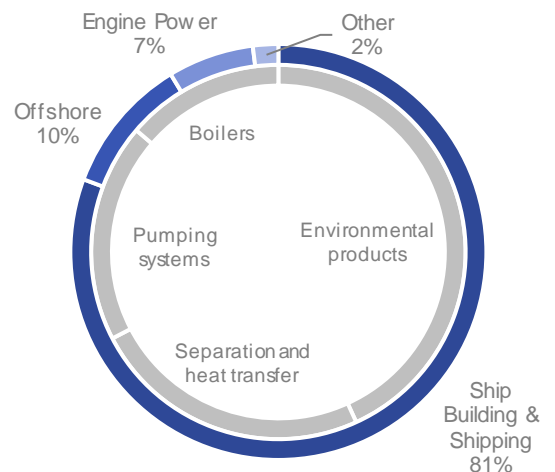
SEK millions	Q1		Jan-Dec 2018	Last 12 months
	2019	2018		
Orders received	4,963	3,295	17,322	18,990
Order backlog*	14,338	9,595	13,118	14,338
Net sales	3,932	2,795	13,583	14,720
Operating income**	761	499	2,328	2,590
Operating margin***	19.4%	17.9%	17.1%	17.6%
Depreciation and amortisation	206	192	785	799
Investments****	27	12	90	105
Assets*	27,278	25,203	24,244	27,278
Liabilities*	8,366	6,571	7,168	8,366
Number of employees*	3,207	2,897	3,098	3,207

* At the end of the period. ** In management accounts. *** Operating income in relation to net sales. **** Excluding new leases.

Quarterly development



Order intake Jan-Mar 2019 split per end market/business unit



Order intake*

Order intake for the Marine Division increased significantly in the first quarter, mainly due to an uptick in demand for PureSOx and PureBallast versus last year.

Order intake for equipment for building of new vessels was, on an overall level, higher than last year. Underneath, the picture was mixed. A weaker contracting of product and chemical tankers led to lower demand for cargo pumping systems. This was however more than offset by increased demand for products and systems for crude oil tankers and for LNG carriers, which saw a spike in contracting during 2018. For the environmental product portfolio, the market developed according to expectations as the enforcement of legislation for ballast water treatment and sulphur emission reduction is moving closer. Order intake for PureSOx saw a significant increase compared to the low level in the first quarter last year, at which point the market was still in a waiting mode. Demand for PureBallast was also substantially higher than in the first quarter of last year. Offshore orders decreased in the quarter compared to the same period last year, which included several large contracts for pumping systems. Products going into engine power applications also saw lower demand in a market which is characterized by irregular order intake.

Order intake for service increased compared to last year, reflecting solid demand across all parts of the service business as well as all product groups.

Net sales

Net sales were higher than in the first quarter last year, mainly driven by deliveries of exhaust gas cleaning, ballast water treatment and pumping systems.

Operating income

The main contribution to the increased profitability is a strong volume effect driven by higher invoicing of exhaust gas cleaning, ballast water treatment and pumping systems. This development creates a negative mix effect as the share of after sales compared to new sales decreases. The increase in cost is largely driven by the higher activity level within marine environmental products and increased royalty payments for PureBallast.

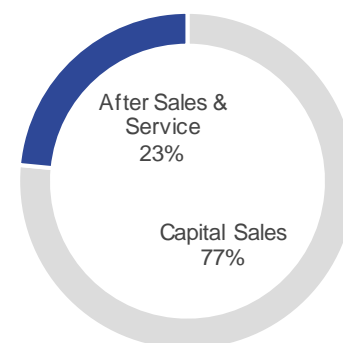
Order bridge	
SEK millions/%	Q1
2018	3,295
Organic ¹⁾	44.2%
Structural ¹⁾	-
Currency	6.4%
Total	50.6%
2019	4,963

1) Change excluding currency effects

Sales bridge	
SEK millions/%	Q1
2018	2,795
Organic ¹⁾	34.3%
Structural ¹⁾	-
Currency	6.4%
Total	40.7%
2019	3,932

1) Change excluding currency effects

Order intake Jan-Mar 2019 split on:



Income bridge	
SEK millions	Q1
Operating income 2018	499
Volume ¹⁾	354
Mix ¹⁾	-50
Costs ¹⁾	-63
Currency	21
Operating income 2019	761

1) Change excluding currency effects

* Comments excluding currency effects.

Greenhouse Division

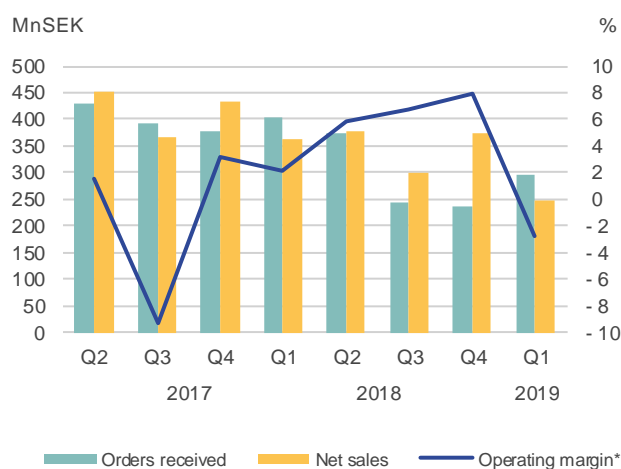
The division offers air heat exchangers for among others industrial cooling applications in the power industry and equipment for industrial cooling and HVAC applications. The division also offers products and systems for industrial and commercial refrigeration in the food industry.

- Order intake and net sales have decreased due to the divestments of two product groups - heat exchanger systems and the Alonte based commercial tubular heat exchanger business.
- The order intake and net sales have dropped also for the remaining air heat exchangers.
- The costs decreased, partly due to the divestments.
- The profitability was burdened by lower capacity utilization.

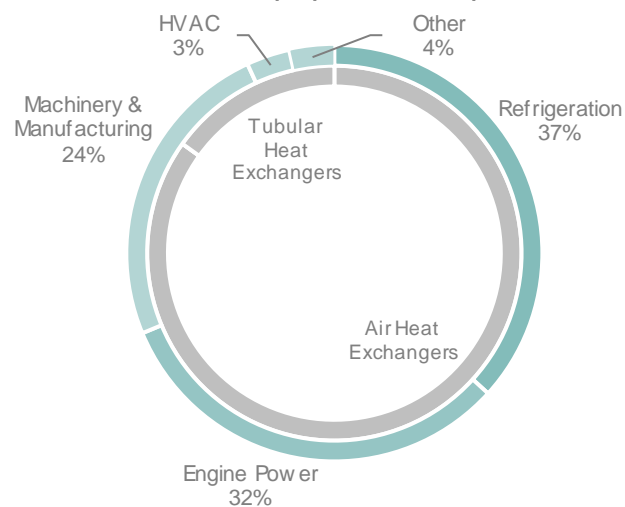
SEK millions	Q1 2019	Q1 2018	Jan-Dec 2018	Last 12 months
Orders received	296	404	1,259	1,151
Order backlog*	381	520	328	381
Net sales	248	364	1,418	1,302
Operating income**	-7	8	80	65
Operating margin***	-2.8%	2.2%	5.6%	5.0%
Depreciation and amortisation	5	6	14	13
Investments****	3	4	21	20
Assets*	760	806	680	760
Liabilities*	402	623	431	402
Number of employees*	507	601	502	507

* At the end of the period. ** In management accounts. *** Operating income in relation to net sales. **** Excluding new leases.

Quarterly development



Order intake Jan-Mar 2019 split per end market/product





Order intake*

Overall the order intake for Greenhouse in the first quarter has decreased due to a weaker development for air heat exchangers.

Order intake for air heat exchanger has decreased mainly driven by lower demand and non-repeated larger orders in power generation related applications and less activity in HVAC business. This was somewhat offset by growth in refrigeration and other Industrial cooling applications such as power converters. Order intake for tubular heat exchangers, where the business is mostly in marine engine applications in the U.S., remained steady.

Net sales

Net sales have decreased due to the divestments of two product groups - heat exchanger systems and the Alonte based commercial tubular heat exchanger business. Net sales have also dropped following weaker order intake for air heat exchangers projects towards the end of 2018 and certain projects with longer lead times.

Operating income

The decreased net sales give a negative volume effect. The lower project business volume has led to lower manufacturing capacity utilization, which is explaining part of the negative mix. The divestments are the main explanations to the positive cost development.

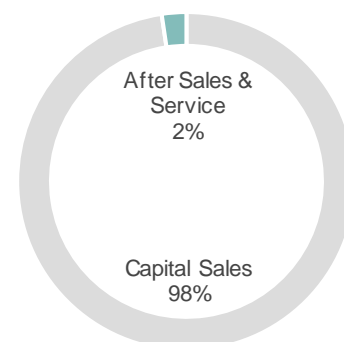
Order bridge	
SEK millions/%	Q1
2018	404
Organic ¹⁾	-11.0%
Structural ¹⁾	-18.9%
Currency	3.2%
Total	-26.7%
2019	296

1) Change excluding currency effects

Sales bridge	
SEK millions/%	Q1
2018	364
Organic ¹⁾	-17.6%
Structural ¹⁾	-17.4%
Currency	3.1%
Total	-31.9%
2019	248

1) Change excluding currency effects

Order intake Jan-Mar 2019 split on:



Income bridge	
SEK millions	Q1
Operating income 2018	8
Volume ¹⁾	-23
Mix ¹⁾	-12
Costs ¹⁾	21
Currency	-1
Operating income 2019	-7

1) Change excluding currency effects

* Comments excluding currency effects.



Information about products and services

Net sales by product/service *

SEK millions	Q1		Jan-Dec	Last 12
	2019	2018	2018	months
Own products within:				
Separation	1,703	1,574	7,183	7,312
Heat transfer	3,984	4,050	17,932	17,866
Fluid handling	2,609	2,132	9,511	9,988
Other	1,067	388	2,515	3,194
Associated products	327	326	1,605	1,606
Services	468	381	1,920	2,007
Total	10,158	8,851	40,666	41,973

* 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 first quarter

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

Alfa Laval Twin Screw Pump

The new Alfa Laval Twin Screw Pump increases process flexibility, service and reliability, and operational safety. The twin screw pump is built on a robust, reliable platform that meets stringent hygienic standards. It is capable of effectively handling both product transfer and Cleaning-in-Place (CIP) and also has many new features, such as a low pulsation characteristic, excellent solids handling capability and superior suction performance. This offer users greater process flexibility, high reliability, quick and easy maintenance with its truly front-loading seal and increased operational safety. This simplifies operation and reduces costs whilst minimizing contamination risks and maximizing yield.



Alfa Laval Aseptic Mixproof

The new Alfa Laval Aseptic Mixproof Valve for sterile process applications is based on the same modular architecture as the well-proven aseptic version of the Alfa Laval Unique Single Seat Valve (SSV). More importantly, the Alfa Laval Aseptic Mixproof Valve reduces the total cost of ownership for dairy, food, beverage and other manufacturers by up to 45% compared to the leading aseptic double-seat mixproof valves.



Alfa Laval Optilobe 10 & 50

Alfa Laval extends its cost-effective OptiLobe rotary lobe pump range to meet the demand for hygienic processes at lower flow rates and higher production capacities. The addition of two new frame sizes as well as optional heating/cooling front covers expands our broad range of Alfa Laval OptiLobe rotary lobe pumps. To meet the demand for smaller and larger hygienic pumps that can handle low flow rates, the new Alfa Laval OptiLobe 10 and OptiLobe 50 add four new pump models to the range. Optional heating/cooling front covers make it possible to use it in a wider range of applications.



Alfa Laval LKH Prime 40

Alfa Laval adds the LKH Prime 40 a new model size to the LKH Prime pump range, extending operational performance. With the addition of the Alfa Laval LKH Prime 40 to the range, performance is significantly extended, with the ability to reach a flowrate up to 110 m³/hr and head of 115m. The superior efficiency of the Alfa Laval LKH Prime results in reduced energy consumption. This, together with the fact that it is based on the market-leading LKH pump range, delivers low cost of ownership and increased uptime. Designed for Cleaning-in-Place (CIP) duties containing entrained air, it can also effectively pump product, like an ordinary centrifugal pump, potentially reducing the capital investment when designing process systems.



Alfa Laval LeviMag® and Alfa Laval LeviMag® UltraPure Magnetic Mixer

Alfa Laval is expanding its successful range of magnetic mixers with addition of the Alfa Laval LeviMag®, engineered for the aseptic processing of food, beverages and dairy products and the Alfa Laval LeviMag® UltraPure, engineered for the sterile production of biotech and pharmaceutical products. The Alfa Laval LeviMag® delivers low-shear mixing, gentle product treatment and easy cleanability. Capable of operating at a broad range of speeds, the magnetic mixer is featuring a specially designed four-wing impeller that delivers for high pumping efficiency. This safeguards product integrity, provides full drainability and ensures efficient mixing down to the last drop because the mixer can be run dry. The open mixer design enables full coverage during Cleaning-in-Place, making the removal of product residues more efficient.



Alfa Laval Joules – a sustainability tool

To meet the demands of our customers Alfa Laval has developed a sophisticated tool – Alfa Laval Joules – for analysing and quantifying efficiency improvements in our fluid handling equipment. Across industries, more and more customers are looking for brands and products that offer both value and environmental responsibility. Climate change is a factor in the decision-making of 80% of our customers. Sustainable optimization helps our customers significantly reduce their energy and water consumption as well as minimizing waste.



Alfa Laval PureNOx LS (Low Sulphur)

Combustion in a ship's engine creates nitrogen oxide (NO_x) gases that threaten the environment and human health. To curb this hazard, international marine regulations set strict NO_x limits in a growing number of designated Emission Control Areas. These limits can be met through Exhaust Gas Recirculation (EGR), a cost-effective technology that lowers the combustion temperature by feeding exhaust gas back into the engine. However, the EGR process creates sooty water that must be cleaned before discharge overboard. Alfa Laval PureNO_x centrifugal separation technology is already the most effective and widely chosen solution for EGR water treatment, proven in many years at sea. Now it has been streamlined into PureNO_x LS, which is optimized for EGR engines using low-sulphur fuels and is a full 50% smaller.

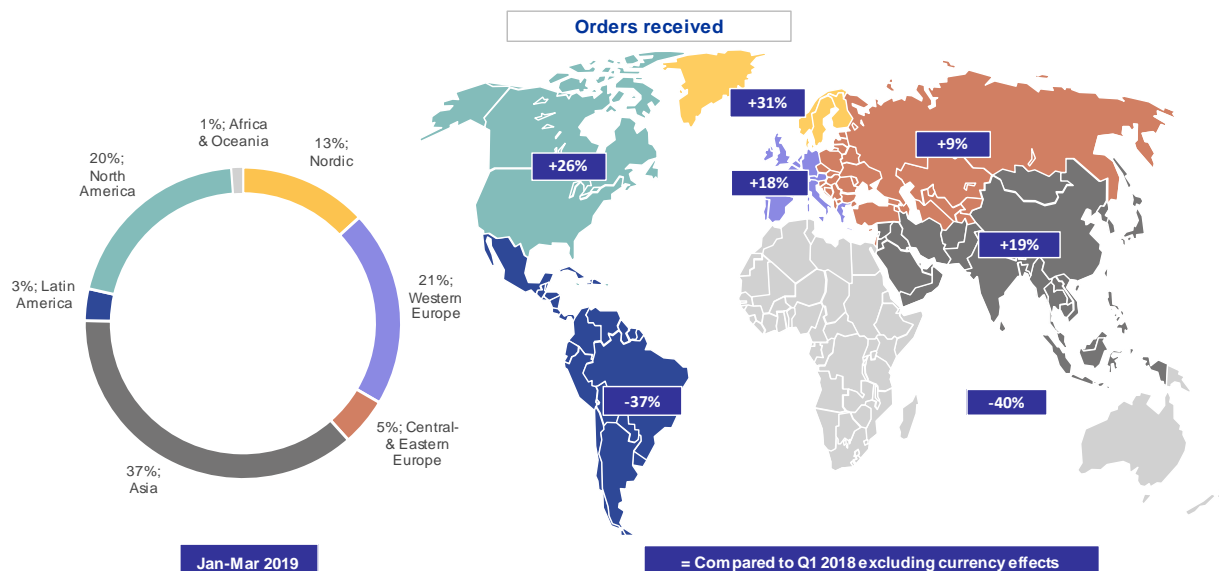


T10-M

The Alfa Laval T10-M delivers efficient heat transfer in a compact unit and offers for example a great solution for oil cooling in many industries. Compared to its sibling T10-B that was launched last year, T10-M is suitable for bigger temperature differences between the hot and cold media and it allows for a lower pressure drop. For applications such as metal working in which the fouling causes frequent issues, the wider plate channels prolong service intervals and keep the maintenance cost at a minimum. The new T10-M incorporates the new FlexFlow™ plate design that enables even higher levels of energy savings than its predecessor. Incorporating several of the next-generation features of the Industrial range, this new addition will be a reliable and highly serviceable solution for all customers committed to minimizing environmental impact in their operations.



Information by region



Western Europe including Nordic

The region saw strong growth in order intake in the first quarter compared to the same period last year. While most countries and regions contributed to the positive development, the strongest support came from the Nordic area as well as the Benelux and Adriatic countries. From a divisional perspective Marine and Food & Water performed the best with growth coming from larger orders, base business* and service alike. Marine did particularly well, following a very good development for PureSOx and PureBallast.

Central and Eastern Europe

Very strong growth in the base business, across all three divisions, in the first quarter more than compensated for a certain decline for larger orders, resulting in a good overall growth for the region. Russia and Turkey both grew versus the first quarter last year, supported by a continued strong base business development.

North America

The region as a whole saw very good growth in the first quarter compared to the same period last year, supported by all divisions. In the U.S., the positive development was also broad-based. In Food & Water order intake was boosted by a large order for equipment going into a wastewater treatment plant and in Energy by a large midstream gas-processing project.

Latin America

The non-repeat of the record-large Mexican brewery order a year ago, explains the region's decline in order intake in the first quarter. Underlying, the region grew, primarily due to the Energy division. From a country perspective, Brazil did particularly well, with growth in both the base business and for larger orders.

Asia

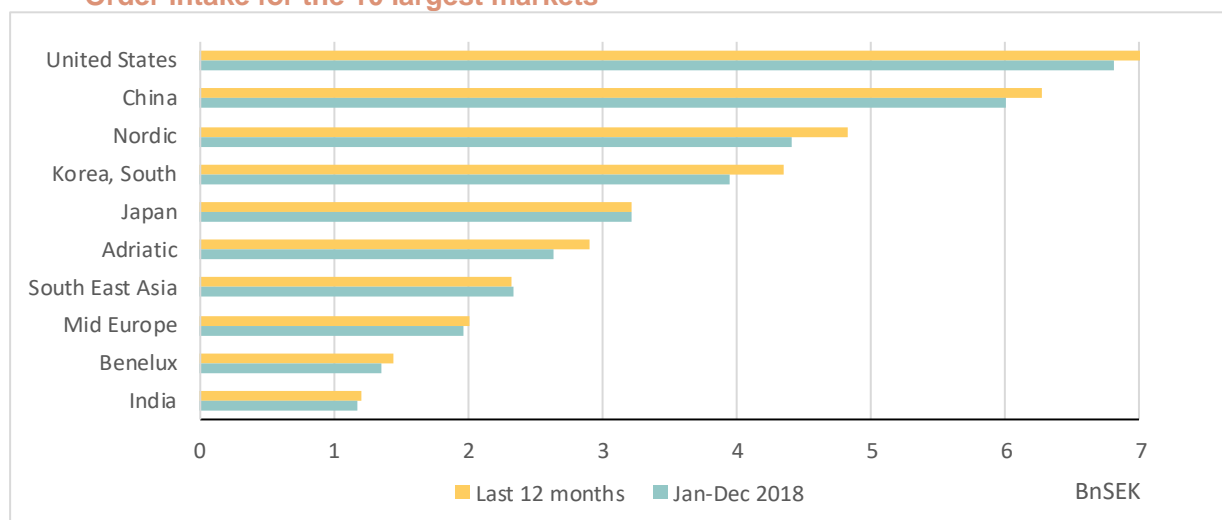
The region did very well in the first quarter, supported by growth in the base business, for larger orders and also for service. All divisions contributed to the positive development. In Marine, growth was driven by increased demand for PureSOx and PureBallast. In China, all divisions performed well, with growth for both capital sales and service. Other strong performers in the quarter included South Korea, with support from all three divisions, and the Middle East, boosted by the Energy and Marine divisions.

Africa and Oceania

The region declined in the first quarter as a result of the non-repeat of some larger orders in the Energy Division a year ago.

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

Order intake for the 10 largest markets



Net sales

SEK millions	Q1 2019	Q1 2018	Jan-Dec 2018	Last 12 months
To customers in:				
Sweden	250	219	924	955
Other EU	2,490	2,394	11,033	11,129
Other Europe	688	609	2,918	2,997
USA	1,571	1,439	6,394	6,526
Other North America	174	205	896	865
Latin America	446	401	1,835	1,880
Africa	106	96	450	460
China	1,492	1,063	5,263	5,692
South Korea	927	789	3,041	3,179
Other Asia	1,896	1,491	7,346	7,751
Oceania	118	145	566	539
Total	10,158	8,851	40,666	41,973

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

Non-current assets

SEK millions	Mar 31 2019	Mar 31 2018	Dec 31 2018
Sweden	2,190	1,348	1,447
Denmark	5,061	4,809	4,728
Other EU	4,237	3,753	3,802
Norway	13,476	13,201	12,376
Other Europe	149	144	126
USA	4,429	3,712	3,964
Other North America	148	127	129
Latin America	320	285	259
Africa	13	9	7
Asia	3,694	2,961	3,262
Oceania	135	90	88
Subtotal	33,852	30,439	30,188
Other long-term securities	131	40	120
Pension assets	42	3	37
Deferred tax asset	1,581	1,403	1,755
Total	35,606	31,885	32,100

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 3-5 percent of net sales.

Consolidated cash flows

SEK millions	Q1		Jan-Dec	Last 12
	2019	2018	2018	months
Operating activities				
Operating income	1,471	1,310	5,831	5,992
Paid leasing fees *	-118	-4	-18	-132
Adjustment for depreciation, amortisation and write down	478	409	1,664	1,733
Adjustment for other non-cash items	50	-87	-190	-53
	1,881	1,628	7,287	7,540
Taxes paid	-543	-478	-1,642	-1,707
	1,338	1,150	5,645	5,833
Changes in working capital:				
Increase(-)/decrease(+) of receivables	222	-359	-1,026	-445
Increase(-)/decrease(+) of inventories	-1,615	-202	-895	-2,308
Increase(+)/decrease(-) of liabilities	1,056	64	1,399	2,391
Increase(+)/decrease(-) of provisions	-42	13	-240	-295
Increase(-)/decrease(+) in working capital	-379	-484	-762	-657
	959	666	4,883	5,176
Investing activities				
Investments in fixed assets (Capex)	-434	-181	-1,490	-1,743
Divestment of fixed assets	1	71	120	50
Acquisition of businesses	-61	-	-	-61
Divestment of businesses	-	-	77	77
	-494	-110	-1,293	-1,677
Financing activities				
Received interests and dividends	33	42	142	133
Paid interests	-33	-24	-192	-201
Realised financial exchange gains	197	120	182	259
Realised financial exchange losses	-14	-195	-267	-86
Dividends to owners of the parent	-	-	-1,783	-1,783
Dividends to non-controlling interests	-	-	0	0
Increase(-) of financial assets	-13	0	-116	-129
Decrease(+) of financial assets	-13	208	601	380
Increase of loans	-31	258	726	437
Amortisation of loans	0	-1,338	-1,738	-400
	126	-929	-2,445	-1,390
Cash flow for the period	591	-373	1,145	2,109
Cash and cash equivalents at the beginning of the period	4,295	3,137	3,137	2,804
Translation difference in cash and cash equivalents	76	40	13	49
Cash and cash equivalents at the end of the period	4,962	2,804	4,295	4,962
Free cash flow per share (SEK) **	1.11	1.33	8.56	8.34
Capex in relation to net sales	4.3%	2.0%	3.7%	4.2%
Average number of shares	419,456,315	419,456,315	419,456,315	419,456,315

* Prior to the adoption of IFRS 16 at January 1, 2019, these were mainly included in operating income.

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

Consolidated comprehensive income

SEK millions	Q1		Jan-Dec	Last 12
	2019	2018	2018	months
Net sales	10,158	8,851	40,666	41,973
Cost of goods sold	-6,554	-5,718	-26,930	-27,766
Gross profit	3,604	3,133	13,736	14,207
Sales costs	-1,172	-1,056	-4,539	-4,655
Administration costs	-497	-499	-1,987	-1,985
Research and development costs	-260	-217	-1,020	-1,063
Other operating income	166	225	906	847
Other operating costs	-378	-280	-1,280	-1,378
Share of result in joint ventures	8	4	15	19
Operating income	1,471	1,310	5,831	5,992
Dividends and other financial income	8	6	27	29
Interest income and financial exchange rate gains	290	259	377	408
Interest expense and financial exchange rate losses	-147	-106	-339	-380
Result after financial items	1,622	1,469	5,896	6,049
Taxes	-397	-420	-1,359	-1,336
Net income for the period	1,225	1,049	4,537	4,713
Other comprehensive income:				
Items that will subsequently be reclassified to net income				
Cash flow hedges	49	-7	-505	-449
Market valuation of external shares	0	0	0	0
Translation difference	958	863	641	736
Deferred tax on other comprehensive income	-33	42	83	8
Sum	974	898	219	295
Items that will subsequently not be reclassified to net income				
Revaluations of defined benefit obligations	25	10	200	215
Deferred tax on other comprehensive income	-6	-3	-60	-63
Sum	19	7	140	152
Comprehensive income for the period	2,218	1,954	4,896	5,160
Net income attributable to:				
Owners of the parent	1,218	1,045	4,519	4,692
Non-controlling interests	7	4	18	21
Earnings per share (SEK)	2.90	2.49	10.77	11.19
Average number of shares	419,456,315	419,456,315	419,456,315	419,456,315
Comprehensive income attributable to:				
Owners of the parent	2,203	1,944	4,876	5,135
Non-controlling interests	15	10	20	25

Consolidated financial position

SEK millions	Mar 31		Dec 31
	2019	2018	2018
ASSETS			
Non-current assets			
Intangible assets	25,095	25,377	24,410
Property, plant and equipment	8,701	5,017	5,732
Other non-current assets	1,810	1,491	1,958
	35,606	31,885	32,100
Current assets			
Inventories	10,779	8,677	9,253
Assets held for sale	-	-	-
Assets related to disposal groups held for sale	760	93	526
Accounts receivable	6,708	6,263	6,496
Other receivables	4,693	4,736	4,694
Derivative assets	140	242	91
Other current deposits	660	1,018	617
Cash and cash equivalents *	4,962	2,804	4,295
	28,702	23,833	25,972
TOTAL ASSETS	64,308	55,718	58,072
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Owners of the parent	25,680	22,328	23,477
Non-controlling interests	137	112	122
	25,817	22,440	23,599
Non-current liabilities			
Liabilities to credit institutions etc.	8,710	11,561	8,540
Provisions for pensions and similar commitments	2,165	2,327	2,118
Provision for deferred tax	1,754	1,968	1,945
Other non-current liabilities	747	707	788
	13,376	16,563	13,391
Current liabilities			
Liabilities related to disposal groups held for sale	502	53	351
Liabilities to credit institutions etc.	3,329	175	3,323
Accounts payable	3,372	2,883	3,136
Advances from customers	6,412	4,997	5,221
Other provisions	1,956	2,121	1,929
Other liabilities	9,151	6,269	6,682
Derivative liabilities	393	217	440
	25,115	16,715	21,082
Total liabilities	38,491	33,278	34,473
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	64,308	55,718	58,072

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

Financial assets and liabilities at fair value

SEK millions	Valuation hierarchy level	Mar 31		Dec 31
		2019	2018	2018
Financial assets				
Other non-current securities	1 and 2	79	5	76
Bonds and other securities	1	464	558	435
Derivative assets	2	195	287	137
Financial liabilities				
Derivative liabilities	2	488	256	563

Valuation hierarchy level 1 is according to quoted prices in active markets for identical assets and liabilities.

Valuation hierarchy level 2 is out of directly or indirectly observable market data outside level 1.

Borrowings and net debt

SEK millions	Mar 31		Dec 31
	2019	2018	2018
Credit institutions	219	195	262
Swedish Export Credit	2,307	2,166	2,246
European Investment Bank	1,198	1,182	1,180
Corporate bonds	8,315	8,193	8,175
Lease liabilities	2,807	47	34
Interest-bearing pension liabilities	0	0	0
Total debt	14,846	11,783	11,897
Cash and cash equivalents and current deposits	-5,622	-3,822	-4,912
Net debt *	9,224	7,961	6,985

* Alternative performance measure.

Lease liabilities have increased by SEK 2,766 million as per January 1, 2019 due to the initial application of IFRS 16 Leases, which affects the figures at March 31, 2019. Earlier only capitalised financial leases were reported on this line.

Alfa Laval has a senior credit facility of EUR 400 million and USD 544 million, corresponding to SEK 9,224 million with a banking syndicate. The facility was not utilised at March 31, 2019. The facility matures in June 2021.

The corporate bonds are listed on the Irish stock exchange and consist of one tranche of EUR 300 million that matures in September 2019 and one tranche of EUR 500 million that matures in September 2022.

The bilateral term loans from Swedish Export Credit consist of one loan of EUR 100 million that matures in June 2021 as well as a loan of USD 136 million that matures in June 2020.

The loan from the European Investment Bank of EUR 115 million matures in June 2021.

The commercial paper programme of SEK 2,000 million was not utilised at March 31, 2019.

Changes in consolidated equity

SEK millions	Jan-Mar		Jan-Dec
	2019	2018	2018
At the beginning of the period*	23,599	20,486	20,486
Changes attributable to:			
Owners of the parent			
Comprehensive income			
Comprehensive income for the period	2,203	1,944	4,876
Transactions with shareholders			
Dividends	-	-	-1,783
	-	-	-1,783
Subtotal	2,203	1,944	3,093
Non-controlling interests			
Comprehensive income			
Comprehensive income for the period	15	10	20
Transactions with shareholders			
Dividends	-	-	0
	-	-	0
Subtotal	15	10	20
At the end of the period	25,817	22,440	23,599

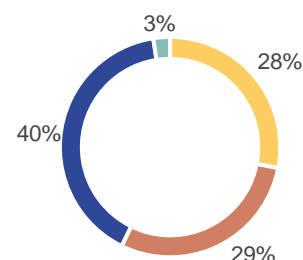
* The opening equity for 2018 has been adjusted with SEK -14 million due to IFRS 15.

Condensed segment reporting per quarter



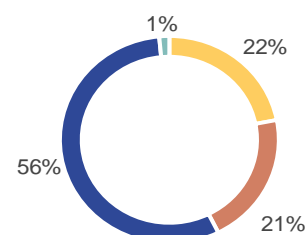
Orders received	2019	2018				2017		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
SEK millions								
Energy	3,448	3,330	3,039	3,401	2,915	2,852	2,513	3,136
Food & Water	3,480	3,540	3,151	3,589	3,411	3,053	2,788	3,385
Marine	4,963	4,439	4,903	4,685	3,295	3,497	2,725	2,678
Greenhouse	296	236	244	375	404	378	392	430
Operations & Other	26	16	20	12	0	0	0	0
Total	12,213	11,561	11,357	12,062	10,025	9,780	8,418	9,629

Last 12 months



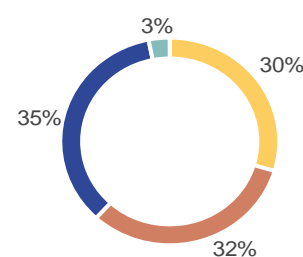
Order backlog	2019	2018				2017		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
SEK millions								
Energy	5,629	4,857	4,852	4,836	4,554	4,471	4,883	5,032
Food & Water	5,304	4,860	4,917	5,096	4,820	4,317	4,541	4,702
Marine	14,338	13,118	12,529	10,996	9,595	9,027	8,714	8,414
Greenhouse	381	328	467	523	520	474	536	514
Operations & Other	14	5	8	6	0	0	0	0
Total	25,666	23,168	22,773	21,457	19,489	18,289	18,674	18,662

Mar 31, 2019



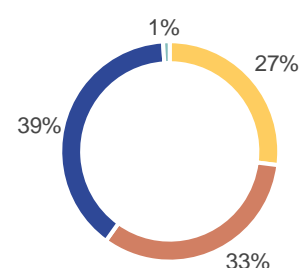
Net sales	2019	2018				2017		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
SEK millions								
Energy	2,807	3,343	3,043	3,215	2,812	3,259	2,598	2,861
Food & Water	3,153	3,604	3,336	3,390	2,880	3,261	2,882	2,923
Marine	3,932	3,869	3,433	3,486	2,795	3,157	2,322	2,672
Greenhouse	248	375	300	379	364	435	367	451
Operations & Other	18	18	19	5	0	0	0	0
Total	10,158	11,209	10,131	10,475	8,851	10,112	8,169	8,907

Last 12 months



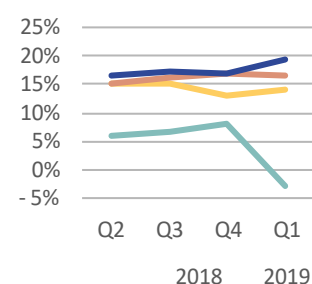
Operating income*	2019	2018				2017		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
SEK millions								
Energy	399	438	461	490	381	469	417	384
Food & Water	524	607	542	507	454	517	410	421
Marine	761	659	599	571	499	600	361	408
Greenhouse	-7	30	20	22	8	14	-34	7
Operations & Other	-208	-210	-160	-196	-108	-230	-99	-140
Total	1,469	1,524	1,462	1,394	1,234	1,370	1,055	1,080

Last 12 months



Operating margin*	2019	2018				2017		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
%								
Energy	14.2	13.1	15.1	15.2	13.5	14.4	16.1	13.4
Food & Water	16.6	16.8	16.2	15.0	15.8	15.9	14.2	14.4
Marine	19.4	17.0	17.4	16.4	17.9	19.0	15.5	15.3
Greenhouse	-2.8	8.0	6.7	5.8	2.2	3.2	-9.3	1.6
Total	14.5	13.6	14.4	13.3	13.9	13.5	12.9	12.1

Per quarter



* In management accounts.

Operations and Other

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

SEK millions	Q1		Jan-Dec	Last 12
	2019	2018	2018	months
Orders received	26	0	48	74
Order backlog*	14	0	5	14
Net sales	18	0	42	60
Operating income**	-208	-108	-674	-774
Depreciation and amortisation	140	103	416	453
Investments****	316	132	1,164	1,348
Assets*	7,847	5,596	6,778	7,847
Liabilities*	3,256	2,682	2,853	3,256
Number of employees*	6,571	5,835	6,322	6,571

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

The order intake and net sales for Operations and Other is relating to contract manufacturing of shell and tube heat exchangers for BITZER after the sale of the business to BITZER.

The worsened operating income in the first quarter 2019 compared to the corresponding period last year is above all explained by higher costs for the manufacturing restructuring program and a non-recurring negative outcome of a litigation in 2019 and a non-recurring positive outcome of a litigation in 2018.

Reconciliation between Divisions and Group total

SEK millions	Q1		Jan-Dec	Last 12
	2019	2018	2018	months
Operating income				
Total for divisions	1,469	1,234	5,614	5,849
Comparison distortion items	-	67	151	84
Consolidation adjustments *	2	9	66	59
Total operating income	1,471	1,310	5,831	5,992
Financial net	151	159	65	57
Result after financial items	1,622	1,469	5,896	6,049
Assets **				
Total for divisions	57,573	51,540	51,739	57,573
Corporate ***	6,735	4,178	6,333	6,735
Group total	64,308	55,718	58,072	64,308
Liabilities **				
Total for divisions	21,449	18,893	19,387	21,449
Corporate ***	17,042	14,385	15,086	17,042
Group total	38,491	33,278	34,473	38,491

* Difference between management accounts and IFRS. ** At the end of the period. *** Corporate refers to items in the statement on financial position that are interest bearing or are related to taxes.

Acquisitions and divestments of businesses

On December 18, 2018 Alfa Laval announced that it has signed an agreement to acquire certain technologies and activities from Airec – a Malmö, Sweden-based innovation company with patented technology for dimple asymmetry heat exchangers. The transaction was closed on January 2, 2019.

The sale of the Alonte based commercial tubular heat exchanger business in the Greenhouse division to the BITZER Group was closed on May 1, 2018. The sale of the heat exchanger systems business in the Greenhouse division to the NIBE Group was closed on May 31, 2018. Both of these operations were reported as disposal groups held for sale according to IFRS 5 in the interim report for the first quarter 2018. This means that all assets and liabilities relating to these operations are presented separately in the statement of financial position. The balance sheet items are measured at the lower of their book values and fair values less costs to sell, except for deferred tax items and defined benefit obligations. Since both transactions were estimated to result in a realised gain, no write down to fair value was necessary.

Alfa Laval has signed an agreement to sell part of its air heat exchanger business related to commercial/industrial air heat exchangers in the Greenhouse division to the LU-VE Group. The closing of the agreement is expected during the first half of 2019. This operation is as of the fourth quarter and full year 2018 report reported as a disposal group held for sale according to IFRS 5. This means that all assets and liabilities relating to this operation are presented separately in the statement of financial position. The balance sheet items are measured at the lower of their book values and fair values less costs to sell, except for deferred tax items and defined benefit obligations. Since the transaction is estimated to result in a realised gain, no write down to fair value has been necessary.

Disposal groups

SEK millions	Mar 31		Dec 31
	2019	2018	2018
Assets			
Property, plant and equipment	183	3	59
Inventories	227	20	166
Accounts receivable	276	44	275
Other receivables	74	19	26
Financial assets	0	7	0
Total	760	93	526
Liabilities			
Accounts payable	129	11	120
Advances from customers	38	5	44
Other liabilities	335	35	187
Financial liabilities	0	2	0
Total	502	53	351

Large orders (>EUR 5 million) in the first quarter

Division	Business Unit	Delivery date	Order amount	Total per Business Unit	
				Q1 2019	Q1 2018
Scope of supply		SEK millions			
Energy					
Welded Heat Exchangers					
Compact heat exchangers to a refinery and petrochemical plant in China.		2019/2020	75		
Air cooler systems to a gas processing plant in the U.S.		2019	110	185	-
Food & Water					
Decanters					
Decanters to a waste water treatment plant in the US.		2019	160	160	300
Marine					
Pumping Systems					
				-	415
Total				345	715

Parent company

The parent company's result after financial items for the first quarter 2019 was SEK 630 (-6) million, out of which dividends from subsidiaries SEK 633 (-) million, net interests SEK - (-0) million, realised and unrealised exchange rate gains and losses SEK 0 (1) million, costs related to the listing SEK -4 (-4) million, fees to the Board SEK -2 (-3) million, cost for annual report and annual general meeting SEK -0 (-0) million and other operating income and operating costs the remaining SEK 3 (-0) million.

Parent company income *

SEK millions	Q1		Jan-Dec
	2019	2018	2018
Administration costs	-6	-7	-15
Other operating income	3	0	0
Other operating costs	0	0	-7
Operating income	-3	-7	-22
Revenues from interests in group companies	633	-	668
Interest income and similar result items	0	1	1
Interest expenses and similar result items	0	0	0
Result after financial items	630	-6	647
Change of tax allocation reserve	-	-	-698
Group contributions	-	-	2,810
Result before tax	630	-6	2,759
Tax on this year's result	1	1	-461
Net income for the period	631	-5	2,298

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

Parent company financial position

SEK millions	Mar 31		Dec 31
	2019	2018	2018
ASSETS			
Non-current assets			
Shares in group companies	4,669	4,669	4,669
Current assets			
Receivables on group companies	10,580	8,731	10,111
Other receivables	76	78	5
Cash and cash equivalents	-	-	-
	10,656	8,809	10,116
TOTAL ASSETS	15,325	13,478	14,785
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Restricted equity	2,387	2,387	2,387
Unrestricted equity	10,563	9,412	9,932
	12,950	11,799	12,319
Untaxed reserves			
Tax allocation reserves, taxation 2013-2019	2,359	1,660	2,359
Current liabilities			
Liabilities to group companies	15	19	29
Accounts payable	1	0	-
Tax liabilities	-	-	76
Other liabilities	0	0	2
	16	19	107
TOTAL EQUITY AND LIABILITIES	15,325	13,478	14,785

Owners and shares

Owners and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 35,787 (34,042) shareholders on March 31, 2019. The largest owner is Tetra Laval B.V., the Netherlands, who owns 29.1 (29.1) percent. Next to the largest owner, there are nine institutional investors with ownership in the range of 5.7 to 0.6 percent. These ten largest shareholders owned 51.0 (47.7) percent of the shares.

Proposed disposition of earnings

The Board of Directors propose a dividend of SEK 5.00 (4.25) per share corresponding to SEK 2,097 (1,783) million and that the remaining income available for distribution in Alfa Laval AB (publ) of SEK 7,835 (7,635) million be carried forward.

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

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 2018 is still correct.

Asbestos-related lawsuits

The Alfa Laval Group was as of March 31, 2019 named as a co-defendant in a total of 789 asbestos-related lawsuits with a total of approximately 789 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 first quarter 2019 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. In the report, alternative performance measures are used. See the annual report 2017 for definitions. Alfa Laval follows the Guidelines on Alternative Performance Measures issued by ESMA (European Securities and Markets Authority).

IFRS 16 Leases is applied from January 1, 2019. Alfa Laval applies it retrospectively with the cumulative effect of initially applying it recognised as an adjustment to the opening balance of right-of-use assets, lease liabilities and unrestricted equity at January 1, 2019. The effect of the initial application was reported in the Annual Report for 2018 and meant an adjustment of the opening balances for right-of-use assets and lease liabilities by SEK +2,766 million each. For the full year 2019 the effect on operating income is expected to be SEK +43 million, on financial net SEK -60 million and on result before tax SEK -17 million.

"Q1", "First quarter", "Jan-Mar" and "First three months" all refers to the period January 1 to March 31. "Jan-Dec" and "Full year" refers to the period January 1 to December 31. "Last 12 months" refers to the period April 1, 2018 to March 31, 2019. "The corresponding period last year" refers to the first quarter 2018.

"Currency effects" only relate to translation effects, whereas "foreign exchange effects" also relate to transactional and revaluation effects. "Mix" in the operating income bridge also includes a price effect.

Comparison distortion items are reported in the comprehensive income statement on each concerned line but are specified on page 4.

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.

The interim report has been issued at CET 12.45 on April 24, 2019 by the President and Chief Executive Officer Tom Erixon by proxy from the Board of Directors.

Lund, April 24, 2019,

Tom Erixon
President and Chief Executive Officer
Alfa Laval AB (publ)





Alfa Laval AB (publ)

Box 73
SE-221 00 Lund
Sweden
Corporate registration number:
556587-8054

Visiting address:
Rudeboksvägen 1
Tel: + 46 46 36 65 00
Website: www.alfalaval.com

For more information, please contact:

Gabriella Grotte, Investor Relations Manager
Phone: +46 46 36 74 82,
Mobile: +46 709 78 74 82,
E-mail: gabriella.grotte@alfalaval.com



Date for the next financial report

Alfa Laval will publish interim reports during 2019 at the following dates:

Interim report for the second quarter	July 17
Interim report for the third quarter	October 24

This information is information that Alfa Laval AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at CET 12.45 on April 24, 2019.