

Second quarter 2015



Summary

SEK millions	Second quarter				First six months			
	2015	2014	%	% *	2015	2014	%	% *
Order intake	9,146	8,969	2	-7	18,990	16,443	15	5
Net sales	10,177	8,423	21	11	19,248	15,020	28	17
Adjusted EBITA	1,818	1,348	35		3,388	2,410	41	
- adjusted EBITA margin (%)	17.9	16.0			17.6	16.0		
Result after financial items	1,457	1,159	26		2,721	1,953	39	
Net income for the period	1,075	796	35		1,938	1,360	43	
Earnings per share (SEK)	2.54	1.89	34		4.59	3.23	42	
Cash flow **	1,505	1,174	28		2,606	1,766	48	
Impact on EBITA of:								
- foreign exchange effects	182	-10			330	-20		
Impact on result after financial items of:								
- comparison distortion items	-	-			-	-60		

* Excluding currency effects. ** From operating activities.

Comment from Lars Renström, President and CEO

"Net sales and result reached record levels for a second quarter. Compared to the corresponding periods last year they increased with 21 and 35 percent respectively to 10.2 and 1.8 billion SEK. The operating margin also reached a very good level of 17.9 percent. Through strong cash flows, the net debt to EBITDA is already below 2. The order intake was 9.1 billion, which corresponds to a sequential downturn of 3 percent, adjusted for the revaluation of the order backlog that due to large currency movements impacted the first quarter.

Despite a weak demand from customers within oil and gas, the Process Technology division only reported a decline in order intake of slightly more than 2 percent. We believe that we can see a stabilization of the demand within oil and gas on the current level. For the other capital sales segments the development was stable to

positive. Service showed growth, also for oil and gas.

The Marine & Diesel division showed a sequential downturn, mainly explained by Marine & Offshore Pumping Systems. The segment was impacted by lower contracting at the yards and by fewer offshore orders being booked in the quarter. Marine & Diesel Equipment showed an upturn, driven by a positive demand development for installation of ballast water systems in existing ships.

Within the Equipment division the order intake increased sequentially, driven by a positive development for all segments. Industrial Equipment did particularly well, benefitting from a seasonally stronger demand as well as from a large district heating order from China."

Outlook for the third quarter

"We expect that demand during the third quarter 2015 will be on about the same level as in the second quarter."

Earlier published outlook (April 23, 2015): "We expect that demand during the second quarter 2015 will be somewhat lower than in the first quarter."

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

Management's discussion and analysis

Important events during the second quarter

During the second quarter 2015 Alfa Laval received large orders¹⁾ for SEK 495 (more than 500) million:

- An order to supply air-cooler systems to a power plant in the Middle East. The order, booked in the Energy & Process segment, has a value of approximately SEK 110 million. Delivery is scheduled for 2016.
- An order for completely new and innovative separation modules for an on-board an FPSO (Floating Production, Storage and Offloading vessel), which will be moored outside the Brazilian coast. The order, booked in the Energy & Process segment, has a value of approximately SEK 85 million and delivery is scheduled for this year.
- An order from Statoil to supply Framo pumping systems to several oil platforms in the North Sea. The order, booked in the Marine & Offshore Pumping Systems segment, has a value of approximately SEK

200 million and delivery is scheduled for 2016.

- An order to supply Alfa Laval compact heat exchangers to a district heating plant in China. The order, booked in the Industrial Equipment segment, has a value of approximately SEK 100 million and delivery is scheduled for 2015 and 2016.

In addition it can be noted that Alfa Laval:

- has been appointed the preferred supplier of ballast water treatment systems by the Mediterranean Shipping Company (MSC), a world-leading container shipping company. The agreement is expected to generate orders worth approximately SEK 230 million until July 2016. Some SEK 125 million worth of orders are anticipated to be booked this year.
- on July 3, 2015 has acquired an aftermarket company specialized in separation technology.

Order intake

Orders received has amounted to SEK 9,146 (8,969) million for the second quarter and to SEK 18,990 (16,443) million for the first six months

2015. Compared with earlier periods the development per quarter has been as follows.



1. Orders with a value over EUR 5 million.

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

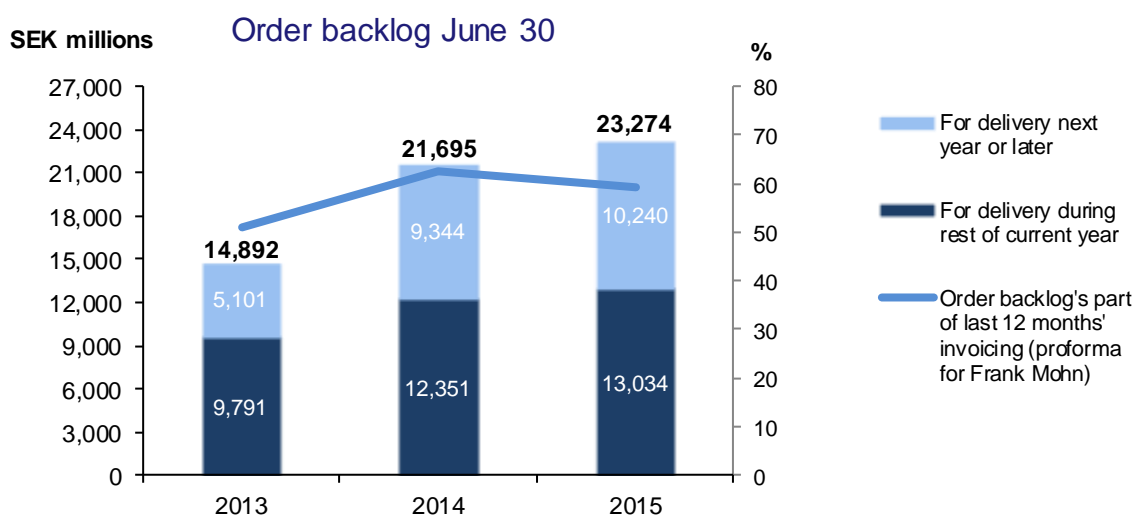
	Consolidated	Order bridge					Order intake
		Order intake	Change			Order intake	
			Prior periods	Excluding currency effects	After currency effects		
SEK millions	SEK millions	Structural change ²⁾ (%)	Organic development ³⁾ (%)	Total (%)	Currency effects (%)	Total (%)	SEK millions
Q2 2015/2014	8,969	3.3	-10.2	-6.9	8.9	2.0	9,146
Q2/Q1 2015	9,844	-	-7.6	-7.6	0.5	-7.1	9,146
YTD 2015/2014	16,443	12.0	-7.2	4.8	10.7	15.5	18,990

Excluding the revaluation of the order backlog that due to large currency movements impacted the first quarter, the order intake during the second quarter was about 3 percent lower than the previous quarter.

Orders received from Service⁴ constituted 28.8 (25.8) percent of the Group's total orders received during the second quarter and 27.7 (26.8) percent during the first six months 2015.

Excluding currency effects, the order intake for Service increased by 2.9 percent during the second quarter 2015 compared to the corresponding quarter last year (the corresponding organic development was a decrease by 3.0 percent) and decreased with 0.3 percent compared to the previous quarter totally as well as organically. For the first six months 2015 the increase was 7.1 percent compared to the corresponding period last year (the corresponding organic development was a decrease by 0.9 percent).

Order backlog



Excluding currency effects and adjusted for acquisition of businesses the order backlog was 1.2 percent smaller than the order backlog at

June 30, 2014 and 1.9 percent smaller than the order backlog at the end of 2014.

2. Acquired businesses are: CorHex Corp at November 4, 2014 and Frank Mohn AS at May 22, 2014.
3. Change excluding acquisition of businesses.
4. Formerly Parts & Service.

Net sales

Net invoicing was SEK 10,177 (8,423) million for the second quarter and SEK 19,248 (15,020) million for the first six months 2015. The change

compared with the corresponding periods last year and the previous quarter can be split into:

Consolidated		Sales bridge					Net sales Current periods SEK millions
		Change					
	Net sales Prior periods SEK millions	Excluding currency effects			After currency effects		
		Structural change (%)	Organic development (%)	Total (%)	Currency effects (%)	Total (%)	
Q2 2015/2014	8,423	10.9	0.6	11.5	9.3	20.8	10,177
Q2/Q1 2015	9,071	-	12.8	12.8	-0.6	12.2	10,177
YTD 2015/2014	15,020	15.6	1.5	17.1	11.0	28.1	19,248

Net invoicing relating to Service constituted 25.8 (27.2) percent of the Group's total net invoicing in the second quarter and 26.7 (28.1) percent in the first six months 2015.

Excluding currency effects, the net invoicing for Service increased by 3.3 percent during the second quarter 2015 compared to the corresponding quarter last year (the corresponding

organic development was a decrease by 2.1 percent) and increased with 5.1 percent compared to the previous quarter totally as well as organically. For the first six months 2015 the increase was 8.7 percent compared to the corresponding period last year (the corresponding organic development was an increase by 1.1 percent).

Income

SEK millions	Second quarter		First six months		Full year	Last 12
	2015	2014	2015	2014	2014	months
Net sales	10,177	8,423	19,248	15,020	35,067	39,295
Cost of goods sold	-6,757	-5,561	-12,772	-9,703	-23,347	-26,416
Gross profit	3,420	2,862	6,476	5,317	11,720	12,879
Sales costs	-1,110	-1,037	-2,187	-1,974	-3,862	-4,075
Administration costs	-394	-360	-761	-696	-1,738	-1,803
Research and development costs	-186	-201	-376	-389	-790	-777
Other operating income *	79	103	182	197	554	539
Other operating costs *	-274	-218	-513	-456	-1,224	-1,281
Share of result in joint ventures	6	3	14	9	11	16
Operating income	1,541	1,152	2,835	2,008	4,671	5,498
Dividends and changes in fair value	0	2	0	4	30	26
Interest income and financial exchange rate gains	-118	184	374	270	420	524
Interest expense and financial exchange rate losses	34	-179	-488	-329	-1,000	-1,159
Result after financial items	1,457	1,159	2,721	1,953	4,121	4,889
Taxes	-382	-363	-783	-593	-1,153	-1,343
Net income for the period	1,075	796	1,938	1,360	2,968	3,546
Other comprehensive income: Items that will subsequently be reclassified to net income						
Cash flow hedges	304	-80	-248	1	-621	-870
Translation difference	-790	417	212	526	439	125
Deferred tax on other comprehensive income	-14	37	-52	-5	220	173
Sum	-500	374	-88	522	38	-572
Items that will subsequently not be reclassified to net income						
Revaluations of defined benefit obligations	-10	0	-20	0	-476	-496
Deferred tax on other comprehensive income	7	0	10	0	71	81
Sum	-3	0	-10	0	-405	-415
Comprehensive income for the period	572	1,170	1,840	1,882	2,601	2,559
Net income attributable to:						
Owners of the parent	1,068	792	1,926	1,354	2,946	3,518
Non-controlling interests	7	4	12	6	22	28
Earnings per share (SEK)	2.54	1.89	4.59	3.23	7.02	8.39
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	585	1,167	1,833	1,875	2,563	2,521
Non-controlling interests	-13	3	7	7	38	38

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

The gross profit has compared to both the second quarter 2014 and the previous quarter been positively affected by an increased sales volume and positive currency effects. Negative factors have been a negative price/mix effect and a somewhat lower utilization in certain factories.

Sales and administration expenses amounted to SEK 1,504 (1,397) million during the second quarter and SEK 2,948 (2,670) million during the

first six months 2015. Excluding currency effects and acquisition of businesses, sales and administration expenses were 3.7 percent and 2.1 percent lower respectively than the corresponding periods last year. The corresponding figure when comparing the second quarter 2015 with the previous quarter is an increase with 3.1 percent.

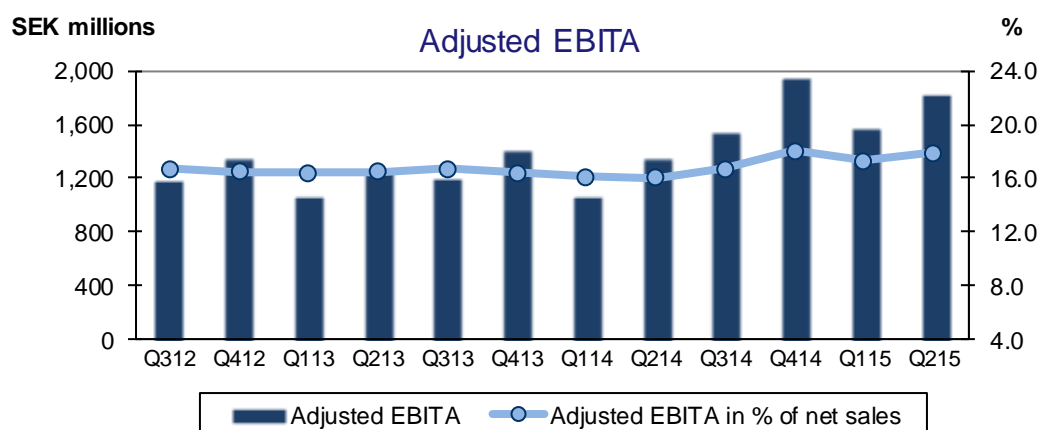
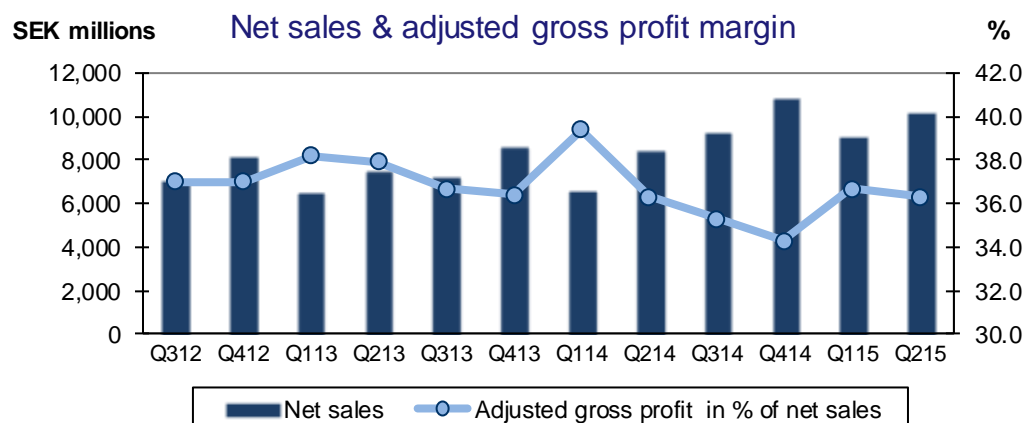
The costs for research and development during the first six months 2015 corresponded to 2.0 (2.6) percent of net sales. Excluding currency effects and acquisition of businesses, the costs for research and development have decreased by 14.4 percent during the second quarter and by 10.9 percent during the first six months 2015 compared to the corresponding periods last year.

The decrease is mainly explained by the earlier decided efficiency programme and partly by the phasing of individual projects.

The net income attributable to the owners of the parent, excluding depreciation of step-up values and the corresponding tax, was SEK 5.53 (3.81) per share for the first six months 2015.

Consolidated SEK millions	Income analysis					
	Second quarter		First six months		Full year	Last 12 months
	2015	2014	2015	2014	2014	
Net sales	10,177	8,423	19,248	15,020	35,067	39,295
Adjusted gross profit *	3,697	3,058	7,029	5,659	12,624	13,994
- in % of net sales	36.3	36.3	36.5	37.7	36.0	35.6
Expenses **	-1,719	-1,581	-3,319	-3,005	-6,164	-6,478
- in % of net sales	16.9	18.8	17.2	20.0	17.6	16.5
Adjusted EBITDA	1,978	1,477	3,710	2,654	6,460	7,516
- in % of net sales	19.4	17.5	19.3	17.7	18.4	19.1
Depreciation	-160	-129	-322	-244	-565	-643
Adjusted EBITA	1,818	1,348	3,388	2,410	5,895	6,873
- in % of net sales	17.9	16.0	17.6	16.0	16.8	17.5
Amortisation of step up values	-277	-196	-553	-342	-904	-1,115
Comparison distortion items	-	-	-	-60	-320	-260
Operating income	1,541	1,152	2,835	2,008	4,671	5,498

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



Comparison distortion items

The operating income for the first six months 2015 has been affected by comparison distortion items of SEK - (-60) million. Comparison distortion items are reported gross in the comprehensive income statement as a part of other operating income and other operating

costs.

The comparison distortion cost of SEK -60 million in the first quarter 2014 related to one time acquisition costs in connection with the acquisition of Frank Mohn AS.

Consolidated	Comparison distortion items					
	Second quarter		First six months		Full year	Last 12
SEK millions	2015	2014	2015	2014	2014	months
Operational						
Other operating income	79	103	182	197	554	539
Comparison distortion income	-	-	-	-	-	-
Total other operating income	79	103	182	197	554	539
Other operating costs	-274	-218	-513	-396	-904	-1,021
Comparison distortion costs	-	-	-	-60	-320	-260
Total other operating costs	-274	-218	-513	-456	-1,224	-1,281

Consolidated financial net

The financial net for the first six months 2015 has amounted to SEK -120 (-82) million, excluding realised and unrealised exchange rate losses and gains. The main elements of costs were interest on the debt to the banking syndicate and on the bridge loan of SEK -10 (-18) million, interest on the bilateral term loans of SEK -41 (-34) million, interest on the private placement of SEK -5 (-5) million, interest on the commercial papers of SEK -1 (-2) million, interest on the corporate bonds of SEK -42 (-) million and a net of

dividends and other interest income and interest costs of SEK -21 (-23) million. The net of realised and unrealised exchange rate differences has amounted to SEK 6 (27) million. The exchange rate differences have been impacted with SEK -70 million for additional realised exchange rate losses in Frank Mohn for the currency forward contracts that at year end were not possible to link directly to the operational exposure of the business.

Key figures

Consolidated	Key figures		
	June 30	December 31	
	2015	2014	2014
Return on capital employed (%) *	20.3	22.9	20.5
Return on equity capital (%) *	20.4	19.4	17.6
Solidity (%) **	31.5	30.6	30.8
Net debt to EBITDA, times *	1.96	3.09	2.45
Debt ratio, times **	0.82	1.02	0.88
Number of employees **	17,414	17,778	17,753

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

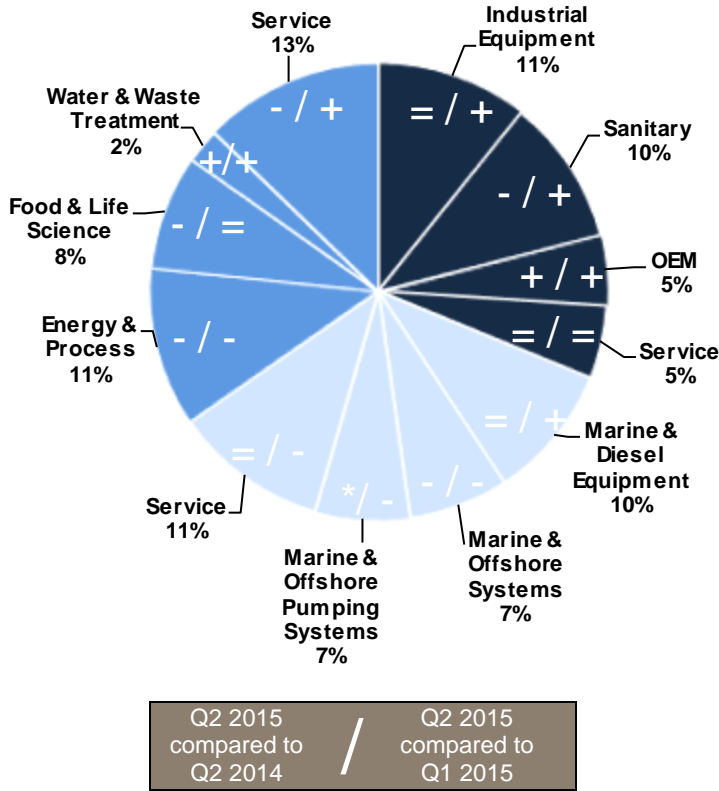
Please note that all key figures calculated on a 12 months' revolving basis have not been proforma

adjusted for the acquisition of Frank Mohn AS.

Business divisions

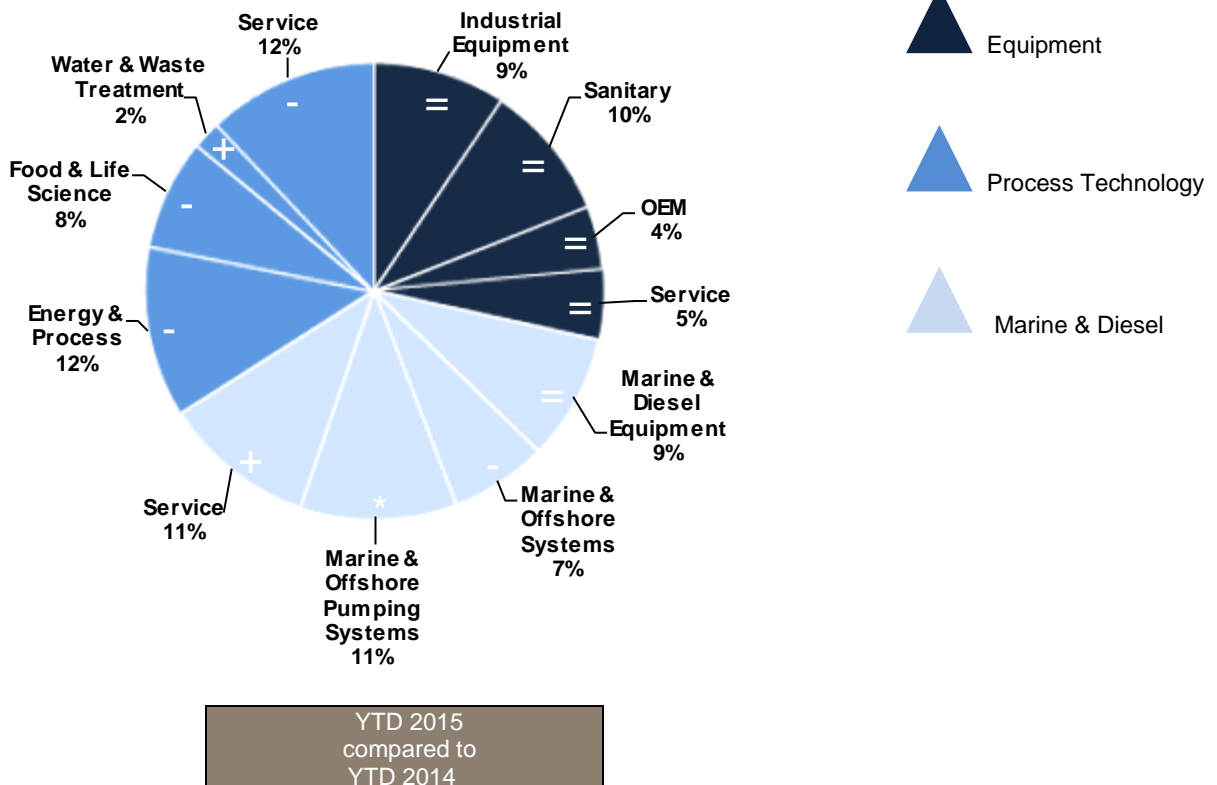
The development of the order intake for the divisions and their customer segments appears in the following chart.

Orders received by customer segment Q2 2015



+ increase
 - decrease
 = unchanged (+/- 3%)
 at constant rates adjusted for acquisition of businesses
 * New customer segment, no comparison figures exist.

Orders received by customer segment YTD 2015



Equipment division

Consolidated SEK millions	Second quarter		First six months		Full year	Last 12
	2015	2014	2015	2014	2014	months
Orders received	2,850	2,607	5,401	4,882	9,867	10,386
Order backlog*	1,957	1,728	1,957	1,728	1,571	1,957
Net sales	2,680	2,421	5,135	4,627	9,787	10,295
Operating income**	347	306	631	607	1,320	1,344
Operating margin	12.9%	12.6%	12.3%	13.1%	13.5%	13.1%
Depreciation and amortisation	52	43	105	88	188	205
Investments	8	14	17	24	59	52
Assets*	6,562	5,759	6,562	5,759	6,424	6,562
Liabilities*	851	818	851	818	764	851
Number of employees*	2,599	2,674	2,599	2,674	2,667	2,599

* 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
Q2 2015/2014	-	-0.7	-0.7	-	0.7	0.7
Q2/Q1 2015	-	11.4	11.4	-	9.2	9.2
YTD 2015/2014	-	-0.2	-0.2	-	0.1	0.1

All comments below are excluding currency effects.

Order intake

Order intake rose significantly in the second quarter compared to the first. While all capital sales segments reported growth, it was particularly evident in Industrial Equipment and OEM due to seasonality. Demand for spare parts and services remained on the same high level as in the previous quarter. Traditional markets such as North America and Europe both reported growth compared to the previous quarter. They were, however, outperformed by China, which did especially well.

The **Sanitary** segment grew, bolstered by demand from customers in the dairy, brewery and pharma industries. Meanwhile, demand from customers in the personal care business declined, as larger orders booked in the first

quarter were not repeated. **Industrial Equipment** experienced the return of the peak season and had a very good run. The positive development was further supported by demand from refrigeration customers as well as by a large district-heating order in China. The **OEM** segment was also lifted by growing seasonal demand from A/C and heat pump manufacturers. Increased demand from diesel engine and refrigeration equipment manufacturers also contributed to the positive development.

Operating income

The increase in operating income for Equipment during the second quarter 2015 compared to the corresponding period last year is mainly explained by a higher sales volume, positive foreign exchange effects and lower operating costs, partly mitigated by a negative price/mix effect.

Process Technology division

Consolidated SEK millions	Second quarter		First six months		Full year	Last 12
	2015	2014	2015	2014	2014	months
Orders received	3,165	3,481	6,450	6,757	14,271	13,964
Order backlog*	8,543	8,695	8,543	8,695	8,440	8,543
Net sales	3,822	3,581	6,943	6,435	14,410	14,918
Operating income**	497	565	907	1,071	2,230	2,066
Operating margin	13.0%	15.8%	13.1%	16.6%	15.5%	13.8%
Depreciation and amortisation	87	78	175	155	325	345
Investments	32	23	54	47	111	118
Assets*	11,334	10,360	11,334	10,360	11,893	11,334
Liabilities*	4,139	4,963	4,139	4,963	4,237	4,139
Number of employees*	5,238	5,425	5,238	5,425	5,342	5,238

* 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
Q2 2015/2014	0.0	-17.9	-17.9	0.0	-2.0	-2.0
Q2/Q1 2015	-	-2.5	-2.5	-	24.6	24.6
YTD 2015/2014	0.0	-15.6	-15.6	0.0	-2.9	-2.9

All comments below are excluding currency effects.

Order intake

The Process Technology division showed a decline compared to the previous quarter. The decline was entirely related to a lower activity in the oil and gas industry, influencing the Energy & Process segment. For the division as a whole large orders were fewer, whereas the base business* delivered growth. Geographically, North and Latin America declined, primarily due to the lower activity in the oil and gas industry, whereas Asia reported strong growth.

The decline in **Energy & Process** compared to the previous quarter reflected the sentiment in the oil and gas industry. Capex limitations in primarily the up- and midstream sectors led to a contraction for both drilling and processing in market unit Oil & Gas, especially apparent in North and Latin America. At the same time market unit Petrochemicals was negatively affected as the industry, though still strong and profitable, displayed continued uncertainty as to the potential implications from the oil and gas sector's development. Other market units in the segment; Refinery, Power and Inorganics, Metals & Paper showed strong growth. The base business, with the exception of Oil & Gas, also performed very well. The **Food & Life Science** segment was unchanged from the previous

quarter, with stable development for both the base business and large orders. The market units Protein and Food Solutions were both strong, while contractions were noted for Brewery and Life Science & Renewable Resources. Asia and Europe were unchanged, North America reported strong growth, while Latin America declined. **Water & Waste Treatment** reported very strong growth, primarily in Asia and North America. Both base business and large orders developed very well.

The **Service** segment saw growth in demand compared to the previous quarter. Worth noting was that overall aftermarket demand from the whole oil and gas chain was stable, with particular strength reported up- and midstream.

Operating income

The decrease in operating income for Process Technology during the second quarter 2015 compared to the corresponding period last year is explained by a negative price/mix variation, partly mitigated by a higher sales volume and positive foreign exchange effects.

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

Marine & Diesel division

Consolidated SEK millions	Second quarter		First six months		Full year	Last 12
	2015	2014	2015	2014	2014	months
Orders received	3,131	2,881	7,139	4,804	12,522	14,857
Order backlog*	12,774	11,272	12,774	11,272	12,282	12,774
Net sales	3,675	2,421	7,170	3,958	10,870	14,082
Operating income**	798	452	1,500	732	2,019	2,787
Operating margin	21.7%	18.7%	20.9%	18.5%	18.6%	19.8%
Depreciation and amortisation	207	113	413	165	591	839
Investments	43	16	57	22	84	119
Assets*	24,740	24,753	24,740	24,753	25,299	24,740
Liabilities*	4,472	4,051	4,472	4,051	4,132	4,472
Number of employees*	3,138	3,089	3,138	3,089	3,127	3,138

* 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
Q2 2015/2014	10.1	-9.4	0.7	36.1	5.6	41.7
Q2/Q1 2015	-	-23.2	-23.2	-	5.2	5.2
YTD 2015/2014	40.5	-1.8	38.7	57.3	11.9	69.2

All comments below are excluding currency effects.

Order intake

Order intake for the Marine & Diesel division decreased in the second quarter compared to the first, mainly as a result of a decline in the Marine & Offshore Pumping Systems segment.

The **Marine & Diesel Equipment** segment reported an increase in order intake compared to the previous quarter, lifted by increased demand from the retrofit market for equipment for ballast water treatment. Demand for equipment going into new ships remained at the same level as the previous quarter, whereas equipment for diesel power plants declined somewhat. The **Marine & Offshore Systems** segment saw order intake decline slightly, mainly due to lower demand for exhaust gas cleaning systems as well as inert gas systems. The decline for gas systems was partly offset by higher demand for boilers going into offshore applications while demand for marine boilers remained on the same level as in the previous quarter. **Marine & Offshore**

Pumping Systems saw a lower level of demand in the second quarter compared to the first, mainly due to fewer new marine orders being booked in the wake of lower yard contracting earlier this year. In addition, the segment only booked one large offshore order in the quarter compared to two in the previous. Furthermore, the numbers reported in the previous quarter were bolstered by FX revaluation effects.

Service declined somewhat compared to the previous quarter due to lower activity for parts sales.

Operating income

The increase in operating income for Marine & Diesel during the second quarter 2015 compared to the corresponding period last year is primarily explained by a higher sales volume, mainly due to the acquisition of Frank Mohn and positive foreign exchange effects, partly mitigated by higher costs for sales and administration and higher amortisations on step-up values related to the acquisition of Frank Mohn.

Operations and Other

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

Consolidated SEK millions	Second quarter		First six months		Full year	Last 12
	2015	2014	2015	2014	2014	months
Orders received	0	0	0	0	0	0
Order backlog*	0	0	0	0	0	0
Net sales	0	0	0	0	0	0
Operating income**	-92	-167	-151	-321	-529	-359
Depreciation and amortisation	91	91	182	178	365	369
Investments	52	79	88	161	349	276
Assets*	6,151	7,881	6,151	7,881	5,906	6,151
Liabilities*	3,712	2,553	3,712	2,553	3,974	3,712
Number of employees*	6,439	6,590	6,439	6,590	6,617	6,439

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

Reconciliation between divisions and Group total

Consolidated SEK millions	Second quarter		First six months		Full year	Last 12
	2015	2014	2015	2014	2014	months
Operating income						
Total for divisions	1,550	1,156	2,887	2,089	5,040	5,838
Comparison distortion items	-	-	-	-60	-320	-260
Consolidation adjustments *	-9	-4	-52	-21	-49	-80
Total operating income	1,541	1,152	2,835	2,008	4,671	5,498
Financial net	-84	7	-114	-55	-550	-609
Result after financial items	1,457	1,159	2,721	1,953	4,121	4,889
Assets **						
Total for divisions	48,787	48,753	48,787	48,753	49,522	48,787
Corporate	6,266	5,127	6,266	5,127	6,264	6,266
Group total	55,053	53,880	55,053	53,880	55,786	55,053
Liabilities **						
Total for divisions	13,174	12,385	13,174	12,385	13,107	13,174
Corporate	24,533	25,011	24,533	25,011	25,477	24,533
Group total	37,707	37,396	37,707	37,396	38,584	37,707

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

Information about products and services

Consolidated SEK millions	Net sales by product/service *					
	Second quarter		First six months		Full year	Last 12
	2015	2014	2015	2014	2014	months
Own products within:						
Separation	2,061	1,696	3,751	3,189	7,222	7,784
Heat transfer	4,397	4,228	8,340	7,665	16,587	17,262
Fluid handling	2,468	1,444	4,840	2,278	6,933	9,495
Other	293	248	587	435	862	1,014
Associated products	527	420	926	759	1,915	2,082
Services	431	387	804	694	1,548	1,658
Total	10,177	8,423	19,248	15,020	35,067	39,295

* 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 second quarter

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

Alfa Laval DuroShell



Alfa Laval DuroShell – designed for the toughest duties

The new Alfa Laval DuroShell is a uniquely engineered plate-and-shell heat exchanger. Designed for demanding duties, such as high pressure and high temperature it takes the plate-and-shell heat exchanger type to a new level. With many new innovative features it optimizes customers' process performance. Due to its compactness, Alfa Laval DuroShell is perfect for both new installations and retrofit to increase capacity in tight spaces. With its exceptional fatigue resistance and thermal performance, Alfa Laval DuroShell opens up a whole new world of possibilities.

Benefits at a glance:

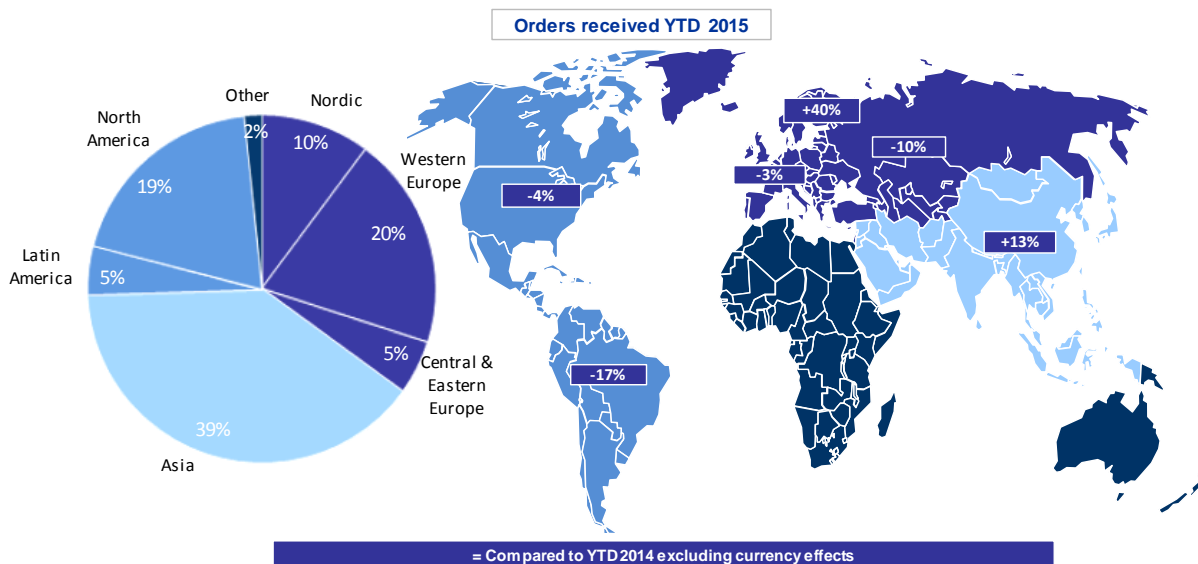
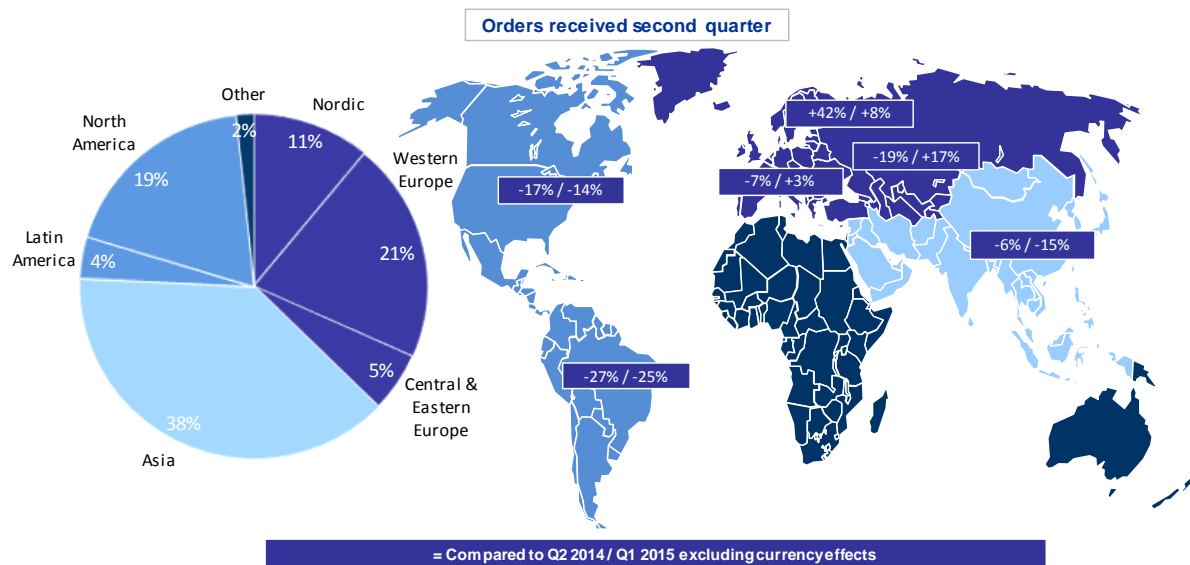
- Robust design and minimized maintenance ensure maximum uptime.
- Superior thermal performance means maximum heat recovery using minimal heating and/or cooling media, which cuts fuel consumption, energy costs and environmental impact.
- Small footprint and light weight minimizes installation and maintenance costs.
- High reliability with gasket-free construction means high security against leakage.

Alfa Laval PureBallast 3.1 (Compact)



PureBallast 3.1 (Compact) extends Alfa Laval's offering for ballast water treatment. The new series has a new reactor design optimized for system sizes from 170 m³/h down to 32 m³/h, which opens up new market segments, for instance within the offshore sector. This expansion of the PureBallast family, where a 250 m³/h system was previously the smallest available, has the same performance as the larger systems and thereby works in fresh, brackish or marine water. Alfa Laval has as one of the first companies in the world applied for USCG (United States Coast Guard) type approval.

Information by region



All comments are excluding currency effects.

Western Europe including Nordic

Order intake increased somewhat in the second quarter compared to the first, driven by good progress in regions Nordic, France, Adriatic and UK. Both the base business* and large projects developed positively. Segments to do well included Industrial Equipment, OEM, Sanitary, Water & Waste Treatment and Marine & Diesel Equipment. Demand for Service was unchanged across the region compared with the previous quarter.

Central and Eastern Europe

The region reported an increase in order intake compared to the first quarter, mainly driven by a good development for the base business as well as Service in both the Equipment and Process Technology division. Large orders remained on the same level as in the previous quarter. Russia

saw a positive order development compared to the previous quarter. The food-related businesses in both Equipment and Process Technology reported strong growth amid increased focus in the country to strive for local food manufacturing. South East Europe also reported a strong second quarter, lifted by orders from Croatian shipyards as well as a strong development for the service business.

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

North America

Order intake declined in the second quarter compared with the first as there were fewer large projects, especially in the oil and gas related sector. The base business as well as the aftermarket were also affected, showing modest declines. The US reported a good development for Industrial Equipment, OEM, Water & Waste Treatment, Food & Life Science and Marine & Diesel Equipment.

Latin America

Latin America reported a decrease in order intake in the second quarter compared to the first, impacted by Argentina and Brazil. In Brazil the political situation and ongoing corruption investigations continue to dampen the business sentiment, which impacted all three divisions. At the same time region Colombia, Venezuela and Panama, did well, lifted by a good marine service business as well as some food projects. Mexico was boosted by a refinery order.

Asia

Order intake showed a weaker development during the second quarter compared to the first, mainly as a result of a decline within the Marine & Offshore Pumping Systems segment. Looking at the region and excluding that segment, order intake was up, both for new equipment and service. In part this was a result of a catch-up

from the previous quarter. The service business recorded its best quarter ever, with positive contribution from all divisions, after a period when many customers limited service and maintenance. The Equipment and Process Technology divisions both grew, benefiting from good growth in the base as well as the project business. The best performance was seen in Industrial Equipment, which booked a large district heating order in China. The Sanitary and OEM segments also reported a positive development. The oil and gas up- and midstream business in Process Technology declined in the quarter, while the downstream refinery and petrochemical business recorded good growth in both the base and project business. Marine & Diesel declined, affected by Marine & Offshore Pumping Systems. The segment saw a lower level of demand in the quarter compared to the previous, mainly due to lower yard contracting earlier in the year. The best country performances were reported from South East Asia, where the food technology and service business showed a strong development. China saw some pent-up demand materialize in the second quarter, leading to growth across all capital sales segments as well as most service segments. Overall, however, customers still very much remained in a wait-and-see mode. South Korea declined somewhat, impacted by the development for Marine & Offshore Pumping Systems.

Consolidated	Net sales					
	Second quarter		First six months		Full year	Last 12
	2015	2014	2015	2014	2014	months
SEK millions						
To customers in:						
Sweden	228	215	422	410	820	832
Other EU	2,320	2,180	4,495	4,063	9,153	9,585
Other Europe	934	644	1,489	1,150	2,575	2,914
USA	1,835	1,330	3,367	2,429	5,446	6,384
Other North America	327	293	534	469	1,105	1,170
Latin America	432	605	931	1,016	2,205	2,120
Africa	67	83	180	161	364	383
China	1,173	901	2,213	1,572	3,838	4,479
South Korea	1,292	833	2,602	1,286	3,952	5,268
Other Asia	1,450	1,182	2,808	2,222	5,122	5,708
Oceania	119	157	207	242	487	452
Total	10,177	8,423	19,248	15,020	35,067	39,295

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		
	June 30	December 31	
SEK millions	2015	2014	2014
Sweden	1,358	1,454	1,370
Denmark	4,444	4,560	4,680
Other EU	3,985	4,137	4,216
Norway	14,372	15,491	14,747
Other Europe	188	228	194
USA	4,528	3,945	4,434
Other North America	117	113	122
Latin America	335	399	371
Africa	1	1	1
Asia	3,144	2,834	3,086
Oceania	88	84	89
Subtotal	32,560	33,246	33,310
Other long-term securities	26	27	30
Pension assets	5	7	6
Deferred tax asset	2,048	1,393	1,986
Total	34,639	34,673	35,332

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.

Cash flows

CONSOLIDATED CASH FLOWS

SEK millions	Second quarter		First six months		Full year	Last 12
	2015	2014	2015	2014	2014	months
Operating activities						
Operating income	1,541	1,152	2,835	2,008	4,671	5,498
Adjustment for depreciation and amortisation	437	325	875	586	1,469	1,758
Adjustment for other non-cash items	-98	-68	-231	-51	-83	-263
	1,880	1,409	3,479	2,543	6,057	6,993
Taxes paid	-549	-385	-834	-706	-1,422	-1,550
	1,331	1,024	2,645	1,837	4,635	5,443
Changes in working capital:						
Increase(-)/decrease(+) of receivables	187	-476	278	-280	-282	276
Increase(-)/decrease(+) of inventories	-6	-34	-260	-263	-99	-96
Increase(+)/decrease(-) of liabilities	-49	755	-9	528	596	59
Increase(+)/decrease(-) of provisions	42	-95	-48	-56	273	281
Increase(-)/decrease(+) in working capital	174	150	-39	-71	488	520
	1,505	1,174	2,606	1,766	5,123	5,963
Investing activities						
Investments in fixed assets (Capex)	-135	-132	-216	-254	-603	-565
Divestment of fixed assets	0	-2	1	0	76	77
Acquisition of businesses	0	-14,363	0	-14,384	-14,443	-59
	-135	-14,497	-215	-14,638	-14,970	-547
Financing activities						
Received interests and dividends	26	20	43	42	114	115
Paid interests	-85	-83	-137	-127	-281	-291
Realised financial exchange differences	-23	115	-114	234	-266	-614
Dividends to owners of the parent	-1,678	-1,573	-1,678	-1,573	-1,573	-1,678
Dividends to non-controlling interests	-18	-4	-18	-4	-5	-19
Increase(-)/decrease(+) of financial assets	-97	-120	-45	80	54	-71
Increase(+)/decrease(-) of borrowings	322	14,954	-872	14,384	12,207	-3,049
	-1,553	13,309	-2,821	13,036	10,250	-5,607
Cash flow for the period	-183	-14	-430	164	403	-191
Cash and bank at the beginning of the period	1,877	1,620	2,013	1,446	1,446	1,665
Translation difference in cash and bank	-74	59	37	55	164	146
Cash and bank at the end of the period	1,620	1,665	1,620	1,665	2,013	1,620
Free cash flow per share (SEK) *	3.27	-31.76	5.70	-30.69	-23.48	12.91
Capex in relation to sales	1.3%	1.6%	1.1%	1.7%	1.7%	1.4%
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 six months 2015 cash flows from operating and investing activities amounted to SEK 2,391 (-12,872) million. Depreciation, ex-

cluding allocated step-up values, was SEK 322 (244) million during the first six months.

Financial position and equity

CONSOLIDATED FINANCIAL POSITION

SEK millions	June 30		December 31
	2015	2014	2014
ASSETS			
Non-current assets			
Intangible assets	27,701	28,284	28,306
Property, plant and equipment	4,860	4,962	5,004
Other non-current assets	2,078	1,427	2,022
	34,639	34,673	35,332
Current assets			
Inventories	8,171	7,624	7,883
Assets held for sale	7	-	6
Accounts receivable	6,361	6,301	6,684
Other receivables	3,324	2,839	2,995
Derivative assets	153	164	176
Other current deposits	778	614	697
Cash and bank *	1,620	1,665	2,013
	20,414	19,207	20,454
TOTAL ASSETS	55,053	53,880	55,786
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Owners of the parent	17,232	16,389	17,077
Non-controlling interests	114	95	125
	17,346	16,484	17,202
Non-current liabilities			
Liabilities to credit institutions etc	14,327	8,281	16,454
Provisions for pensions and similar commitments	2,277	1,607	2,221
Provision for deferred tax	2,897	2,746	3,074
Other provisions	514	470	543
	20,015	13,104	22,292
Current liabilities			
Liabilities to credit institutions etc	2,266	10,690	1,251
Accounts payable	2,976	2,769	2,904
Advances from customers	3,772	3,863	3,796
Other provisions	1,871	1,548	1,862
Other liabilities	6,005	5,191	5,507
Derivative liabilities	802	231	972
	17,692	24,292	16,292
Total liabilities	37,707	37,396	38,584
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	55,053	53,880	55,786

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

Consolidated	Financial assets and liabilities at fair value			
	Valuation hierarchy level	June 30 2015	June 30 2014	December 31 2014
SEK millions				
Financial assets				
Other long term securities	1 and 2	26	27	30
Bonds and other securities	1	650	407	532
Derivative assets	1	153	164	176
Financial liabilities				
Derivative liabilities	1	802	231	972

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.

Consolidated	Borrowings and net debt			
		June 30 2015	June 30 2014	December 31 2014
SEK millions				
Credit institutions		1,151	12,227	2,981
Swedish Export Credit		2,966	2,756	2,975
European Investment Bank		2,257	2,249	2,332
Private placement		906	741	864
Commercial papers		2,000	998	999
Corporate bonds		7,313	-	7,554
Capitalised financial leases		62	78	73
Interest-bearing pension liabilities		0	0	0
Total debt		16,655	19,049	17,778
Cash, bank and current deposits		-2,398	-2,279	-2,710
Net debt		14,257	16,770	15,068

Alfa Laval has a senior credit facility of EUR 400 million and USD 544 million, corresponding to SEK 8,172 million with a banking syndicate. At June 30, 2015 SEK 851 million of the facility was utilised. The facility matures in June 2019, with two one year extension options.

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 with Swedish Export Credit consist of one loan of EUR 100 million that matures in June 2017 and 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 loans from the European Investment Bank is split on one loan of EUR 130 million that matures in March 2018 and an additional loan of EUR 115 million that matures in June 2021.

The private placement of USD 110 million matures in April 2016.

The commercial paper programme is SEK 2,000 million, out of which nominally SEK 2,000 million with 3-5 months duration was utilised at June 30, 2015.

CHANGES IN CONSOLIDATED EQUITY

SEK millions	First six months		Full year
	2015	2014	2014
At the beginning of the period	17,202	16,162	16,162
Changes attributable to:			
Owners of the parent			
Comprehensive income			
Comprehensive income for the period	1,833	1,875	2,563
Transactions with shareholders			
Dividends	-1,678	-1,573	-1,573
	-1,678	-1,573	-1,573
Subtotal	155	302	990
Non-controlling interests			
Comprehensive income			
Comprehensive income for the period	7	7	38
Transactions with shareholders			
Non-controlling interests in acquired companies	-	17	17
Dividends	-18	-4	-5
	-18	13	12
Subtotal	-11	20	50
At the end of the period	17,346	16,484	17,202

Acquisition of businesses

The purchase price allocation relating to the acquisition of CorHex Corp at November 4, 2014

is still preliminary.

Parent company

The parent company's result after financial items was SEK -13 (158) million, out of which dividends from subsidiaries SEK - (130) million, net interests SEK - (26) million, realised and unrealised exchange rate gains and losses SEK -6 (4) million, costs related to the listing

SEK -4 (-3) million, fees to the Board SEK -3 (-3) million, cost for annual report and annual general meeting SEK -2 (-2) million and other operating income and operating costs the remaining SEK 2 (6) million.

PARENT COMPANY INCOME *

SEK millions	Second quarter		First six months		Full year
	2015	2014	2015	2014	2014
Administration costs	-4	-4	-9	-8	-13
Other operating income	-3	0	4	8	3
Other operating costs	-2	-1	-2	-2	-4
Operating income	-9	-5	-7	-2	-14
Revenues from interests in group companies	-	130	-	130	1,630
Interest income and similar result items	0	19	2	34	51
Interest expenses and similar result items	-2	-2	-8	-4	-8
Result after financial items	-11	142	-13	158	1,659
Change of tax allocation reserve	-	-	-	-	-65
Group contributions	-	-	-	-	947
Result before tax	-11	142	-13	158	2,541
Tax on this year's result	3	-3	3	-6	-205
Net income for the period	-8	139	-10	152	2,336

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

PARENT COMPANY FINANCIAL POSITION

SEK millions	June 30		December 31
	2015	2014	2014
ASSETS			
Non-current assets			
Shares in group companies	4,669	4,669	4,669
Current assets			
Receivables on group companies	7,202	7,629	10,120
Other receivables	162	172	51
Cash and bank	-	-	-
	7,364	7,801	10,171
TOTAL ASSETS	12,033	12,470	14,840
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Restricted equity	2,387	2,387	2,387
Unrestricted equity	8,327	7,832	10,015
	10,714	10,219	12,402
Untaxed reserves			
Tax allocation reserves, taxation 2009-2015	1,301	1,236	1,301
Current liabilities			
Commercial papers	-	998	999
Liabilities to group companies	16	16	138
Accounts payable	1	1	0
Other liabilities	1	0	-
	18	1,015	1,137
TOTAL EQUITY AND LIABILITIES	12,033	12,470	14,840

Owners and shares

Owners and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 39,327 (36,634) shareholders on June 30, 2015. The largest owner is Tetra Laval B.V., the

Netherlands who owns 26.1 (26.1) percent. Next to the largest owner there are nine institutional investors with ownership in the range of 6.7 to 0.8 percent. These ten largest shareholders owned 55.9 (53.8) percent of the shares.

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 2014 is still correct.

months 2014 depending on the context. "Previous quarter" refers to the first quarter 2015.

Asbestos-related lawsuits

The Alfa Laval Group was as of June 30, 2015, named as a co-defendant in a total of 807 asbestos-related lawsuits with a total of approximately 810 plaintiffs. Alfa Laval strongly believes the claims against the Group are without merit and intends to vigorously contest each lawsuit.

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.

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.

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.

Accounting principles

The interim report for the second quarter 2015 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.

Events after the closing date

Alfa Laval has acquired an aftermarket company, specialized in separation technology. The company will remain a separate organisation and offer its own parts and services under its own brand name. Revenues are estimated to reach about SEK 50 million this year and the company is consolidated as from July 3, 2015. The acquisition is in line with the strategy of the Alfa Laval Group of acquiring companies that complement the existing business in terms of products, geography or in the form of new sales channels. In this case the Alfa Laval Group adds a complementary aftermarket channel. "With the acquisition we are adding presence in an important niche of the aftermarket," says Lars Renström, President and CEO of the Alfa Laval Group.

"Second quarter" refers to the period April 1 to June 30 and "First six months" refers to the period January 1 to June 30. "Full year" refers to the period January 1 to December 31. "Last 12 months" refers to the period July 1, 2014 to June 30, 2015. "The corresponding period last year" refers to the second quarter 2014 or the first six

Date for the next financial report

Alfa Laval will publish the next interim report for 2015 at the following date:

Interim report for the third quarter October 27

The interim report has been issued on July 16, 2015 at CET 8.30 by the Board of Directors.

The Board of Directors and the President and CEO assure that the report for the first six months gives a true and fair view of the

operations, financial position and results for the company and the consolidated Group and describes material factors of risk and uncertainty facing the company and the companies that are part of the Group.

Lund, July 16, 2015

Anders Narvinger
Chairman

Gunilla Berg

Arne Frank

Bror García Lantz

Ulla Litzén

Henrik Nielsen

Susanna Holmqvist Norrby

Finn Rausing

Jörn Rausing

Ulf Wiinberg

Margareth Øvrum

Lars Renström
President and CEO