

Third quarter 2015



Summary

SEK millions	Third quarter				First nine months			
	2015	2014	%	% *	2015	2014	%	% *
Order intake	8,686	9,708	-11	-15	27,676	26,151	6	-2
Net sales	9,693	9,272	5	0.4	28,941	24,292	19	11
Adjusted EBITA	1,677	1,545	9		5,065	3,955	28	
- adjusted EBITA margin (%)	17.3	16.7			17.5	16.3		
Result after financial items	1,338	991	35		4,059	2,944	38	
Net income for the period	988	697	42		2,926	2,057	42	
Earnings per share (SEK)	2.34	1.65	42		6.93	4.88	42	
Cash flow **	1,369	1,667	-18		3,975	3,433	16	
Impact on EBITA of:								
- foreign exchange effects	40	-7			370	-27		
Impact on result after financial items of:								
- comparison distortion items	-	-260			-	-320		

* Excluding currency effects. ** From operating activities.

Comment from Lars Renström, President and CEO

“Net sales and result reached record levels for a third quarter. At the same time strong cash flows contributed to a reduction of the net debt in relation to EBITDA to below 1.8. The order intake was 8.7 billion – a sequential downturn of 5 percent, mainly explained by fewer large orders being booked.

Within Process Technology the order intake increased somewhat, thanks to the Food & Life Science segment. Demand from the oil and gas sector was on the whole slightly higher than the previous quarter, with good growth in the mid-stream business and petrochemicals. Marine & Diesel showed a sequential downturn, reflecting lower demand for new equipment. A favourable

mix of ship contracts dampened the downturn. Service showed growth, with a particularly good development within pumping systems. Within the Equipment division the order intake decreased sequentially, partly due to vacation effects and a large non-recurring order, partly due to lower demand within Sanitary.

Asia showed a positive development. The market in China grew somewhat, where especially the food related demand developed well. The U.S. showed a decline, primarily explained by larger orders not being repeated. The oil and gas related business was unchanged compared to the previous quarter.”

Outlook for the fourth quarter

“We expect that demand during the fourth quarter 2015 will be in line with or somewhat higher than in the third quarter.”

Earlier published outlook (July 16, 2015): “We expect that demand during the third quarter 2015 will be on about the same level as in the second quarter.”

The interim report has been reviewed by the company’s auditors, see page 24 for the review report.

Management's discussion and analysis

Important events during the third quarter

During the third quarter 2015 Alfa Laval received large orders¹⁾ for SEK 280 (780) million:

- An order to supply Alfa Laval Aalborg boiler modules for an FPSO vessel to be built in China. The order, booked in the Marine & Offshore Systems segment, has a value of approximately SEK 90 million and delivery is scheduled for 2016.
- An order from a leading multinational brewery group, to supply a process solution for one of its plants in India. The order is booked in the Food Technology & Life Science segment, has a value of approximately SEK 60 million and delivery is scheduled for 2016.
- An order to supply two process lines for edible oil refining in China. The order is booked in the Food Technology & Life Science segment and has a value of approximately SEK 75 million. Delivery is scheduled for 2016.

- An order in Italy to supply various pieces of equipment to a new petrochemical plant in Slovakia. The order, booked in the Energy & Process segment, has a value of approximately SEK 55 million and delivery is scheduled for 2016.

In addition it can be noted that:

- Alfa Laval has been appointed the preferred supplier of ballast water treatment systems by a major ship-owner in Asia. The agreement is expected to generate orders worth approximately SEK 70 million until March 2016. Under the agreement, the Alfa Laval Pure-Ballast systems, developed in cooperation with Wallenius Water, will be retrofitted on-board 33 vessels. Half of the order value will be booked this year and half in the first quarter of 2016. Deliveries will be spread out over three years, starting 2016.

Order intake

Orders received has amounted to SEK 8,686 (9,708) million for the third quarter and to SEK 27,676 (26,151) million for the first nine 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:

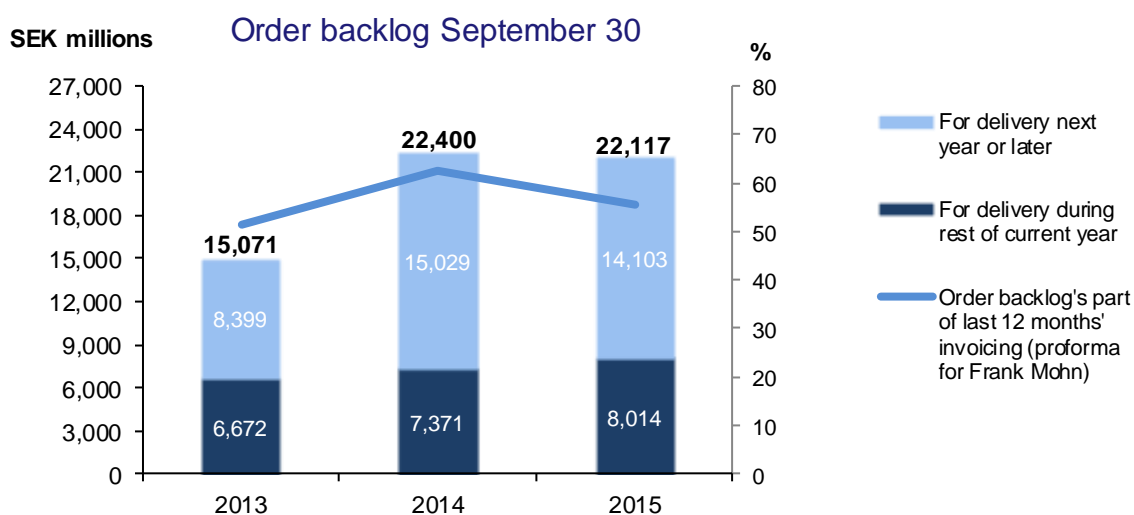
	Order bridge							Order intake Current periods SEK millions
	Order intake Prior periods SEK millions	Change Excluding currency effects			After currency effects			
		Structural change ²⁾ (%)	Organic development ³⁾ (%)	Total (%)	Currency effects (%)	Total (%)		
Q3 2015/2014	9,708	0.2	-15.0	-14.8	4.3	-10.5	8,686	
Q3/Q2 2015	9,146	0.2	-3.7	-3.5	-1.5	-5.0	8,686	
YTD 2015/2014	26,151	7.2	-9.5	-2.3	8.1	5.8	27,676	

The organic development during the third quarter according to the above table includes positive effects from the revaluation of the order backlog with about 2 percent, mostly due to the appreciation of the USD in relation to NOK.

Orders received from Service⁴ constituted 30.8 (25.6) percent of the Group's total orders received during the third quarter and 28.7 (26.4) percent during the first nine months 2015.

Excluding currency effects, the order intake for Service increased by 1.4 percent during the third quarter 2015 compared to the corresponding quarter last year (the corresponding organic development was an increase by 0.7 percent) and increased with 2.7 percent compared to the previous quarter (the corresponding organic development was an increase by 2.0 percent). For the first nine months 2015 the increase was 5.1 percent compared to the corresponding period last year (the corresponding organic development was a decrease by 1.3 percent).

Order backlog



Excluding currency effects and adjusted for acquisition of businesses the order backlog was 7.6 percent smaller than the order backlog at

September 30, 2014 and 6.4 percent smaller than the order backlog at the end of 2014.

- Acquired businesses are: K-Bar Parts LLC (renamed to Alfa Laval Kathabar Inc) in the US at July 31, 2015, an aftermarket company specialized in separation technology at July 3, 2015, CorHex Corp at November 4, 2014 and Frank Mohn AS at May 22, 2014.
- Change excluding acquisition of businesses.
- Parts and service.

Net sales

Net invoicing was SEK 9,693 (9,272) million for the third quarter and SEK 28,941 (24,292) million for the first nine 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		Total	After currency effects		
		Structural change (%)	Organic development (%)	(%)	Currency effects (%)	Total (%)	
Q3 2015/2014	9,272	0.2	0.2	0.4	4.1	4.5	9,693
Q3/Q2 2015	10,177	0.2	-4.1	-3.9	-0.9	-4.8	9,693
YTD 2015/2014	24,292	10.9	-0.1	10.8	8.3	19.1	28,941

Net invoicing relating to Service constituted 26.1 (26.4) percent of the Group's total net invoicing in the third quarter and 26.5 (27.5) percent in the first nine months 2015.

Excluding currency effects, the net invoicing for Service decreased by 2.8 percent during the third quarter 2015 compared to the corresponding quarter last year (the corresponding organic

development was a decrease by 3.4 percent) and decreased with 2.9 percent compared to the previous quarter (the corresponding organic development was a decrease by 3.5 percent). For the first nine months 2015 the increase was 4.6 percent compared to the corresponding period last year (the corresponding organic development was a decrease by 0.1 percent).

Income

SEK millions	Third quarter		First nine months		Full year	Last 12
	2015	2014	2015	2014	2014	months
Net sales	9,693	9,272	28,941	24,292	35,067	39,716
Cost of goods sold	-6,558	-6,284	-19,330	-15,987	-23,347	-26,690
Gross profit	3,135	2,988	9,611	8,305	11,720	13,026
Sales costs	-1,095	-1,042	-3,282	-3,016	-3,862	-4,128
Administration costs	-336	-337	-1,097	-1,033	-1,738	-1,802
Research and development costs	-180	-180	-556	-569	-790	-777
Other operating income *	136	91	318	288	554	584
Other operating costs *	-267	-524	-780	-980	-1,224	-1,024
Share of result in joint ventures	11	5	25	14	11	22
Operating income	1,404	1,001	4,239	3,009	4,671	5,901
Dividends and changes in fair value	0	3	0	7	30	23
Interest income and financial exchange rate gains	27	178	401	448	420	373
Interest expense and financial exchange rate losses	-93	-191	-581	-520	-1,000	-1,061
Result after financial items	1,338	991	4,059	2,944	4,121	5,236
Taxes	-350	-294	-1,133	-887	-1,153	-1,399
Net income for the period	988	697	2,926	2,057	2,968	3,837
Other comprehensive income:						
Items that will subsequently be reclassified to net income						
Cash flow hedges	-103	-125	-351	-124	-621	-848
Translation difference	-1,012	613	-800	1,139	439	-1,500
Deferred tax on other comprehensive income	146	-51	94	-56	220	370
Sum	-969	437	-1,057	959	38	-1,978
Items that will subsequently not be reclassified to net income						
Revaluations of defined benefit obligations	-55	0	-75	0	-476	-551
Deferred tax on other comprehensive income	16	0	26	0	71	97
Sum	-39	0	-49	0	-405	-454
Comprehensive income for the period	-20	1,134	1,820	3,016	2,601	1,405
Net income attributable to:						
Owners of the parent	980	692	2,906	2,046	2,946	3,806
Non-controlling interests	8	5	20	11	22	31
Earnings per share (SEK)	2.34	1.65	6.93	4.88	7.02	9.07
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	-26	1,123	1,807	2,998	2,563	1,372
Non-controlling interests	6	11	13	18	38	33

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

The gross profit has compared to the previous quarter been positively affected by price/mix in the Marine & Diesel division and by purchase price variations. Negative factors have been the productivity development in the engineering function and higher costs in certain customer projects in the Process Technology division. The exchange rate effects in the gross profit included negative effects with SEK 100 million from retranslation of operating capital items in foreign

currencies in local balance sheets, due to currency movements during the quarter and mainly the appreciation of the USD in relation to NOK.

Sales and administration expenses amounted to SEK 1,431 (1,379) million during the third quarter and SEK 4,379 (4,049) million during the first nine months 2015. Excluding currency effects and acquisition of businesses, sales and admini-

stration expenses were 1.1 percent higher and 1.9 percent lower respectively than the corresponding periods last year. The corresponding figure when comparing the third quarter 2015 with the previous quarter is a decrease with 5.1 percent.

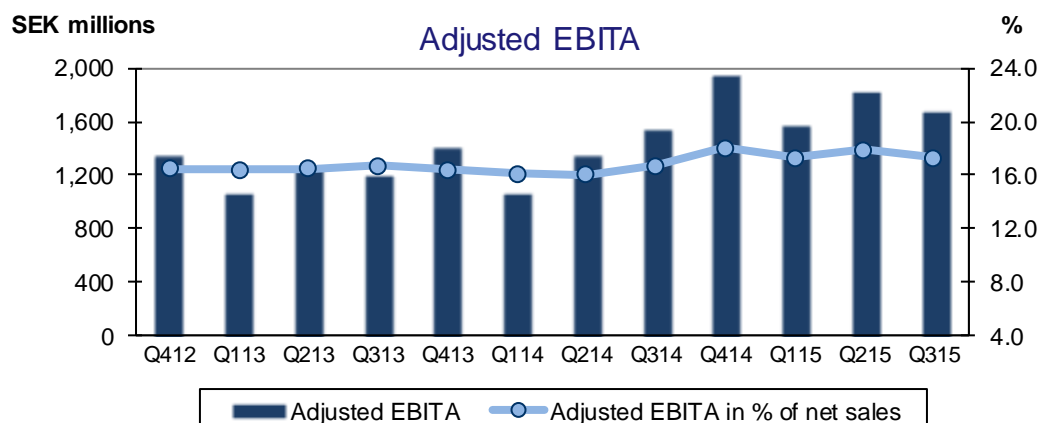
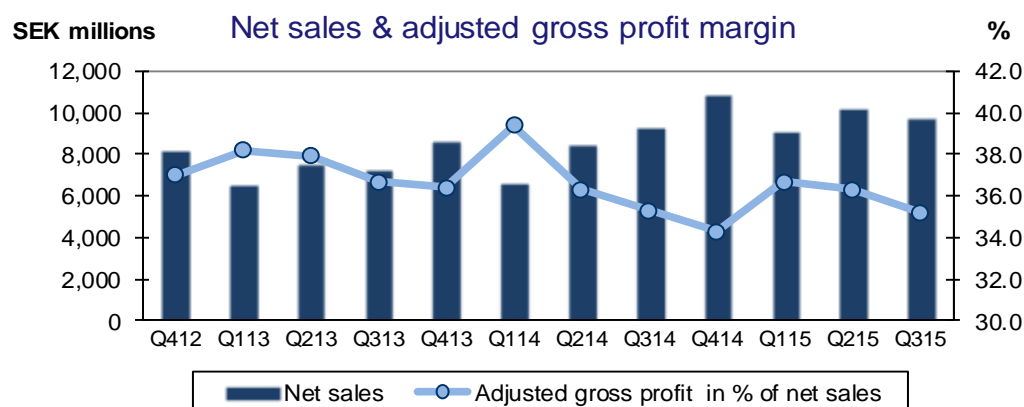
The costs for research and development during the first nine months 2015 corresponded to 1.9 (2.3) percent of net sales. Excluding currency effects and acquisition of businesses, the costs

for research and development have decreased by 1.3 percent during the third quarter and by 9.4 percent during the first nine months 2015 compared to the corresponding periods last year. The decrease is explained by the earlier decided efficiency programme.

The net income attributable to the owners of the parent, excluding depreciation of step-up values and the corresponding tax, was SEK 8.34 (5.94) per share for the first nine months 2015.

Consolidated SEK millions	Income analysis					
	Third quarter		First nine months		Full year	Last 12 months
	2015	2014	2015	2014	2014	
Net sales	9,693	9,272	28,941	24,292	35,067	39,716
Adjusted gross profit *	3,408	3,272	10,437	8,931	12,624	14,130
- in % of net sales	35.2	35.3	36.1	36.8	36.0	35.6
Expenses **	-1,567	-1,575	-4,886	-4,580	-6,164	-6,470
- in % of net sales	16.2	17.0	16.9	18.9	17.6	16.3
Adjusted EBITDA	1,841	1,697	5,551	4,351	6,460	7,660
- in % of net sales	19.0	18.3	19.2	17.9	18.4	19.3
Depreciation	-164	-152	-486	-396	-565	-655
Adjusted EBITA	1,677	1,545	5,065	3,955	5,895	7,005
- in % of net sales	17.3	16.7	17.5	16.3	16.8	17.6
Amortisation of step up values	-273	-284	-826	-626	-904	-1,104
Comparison distortion items	-	-260	-	-320	-320	-
Operating income	1,404	1,001	4,239	3,009	4,671	5,901

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



Comparison distortion items

The operating income has been affected by comparison distortion items of SEK - (-260) million for the third quarter and SEK - (-320) million for the first nine months 2015. 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 -260 million in the third quarter last year related to a cost reduction programme. The remaining SEK -60 million related to one time acquisition costs in the first quarter 2014 in connection with the acquisition of Frank Mohn AS.

Consolidated	Comparison distortion items					
	Third quarter		First nine months		Full year	Last 12
	2015	2014	2015	2014	2014	months
SEK millions						
Operational						
Other operating income	136	91	318	288	554	584
Comparison distortion income	-	-	-	-	-	-
Total other operating income	136	91	318	288	554	584
Other operating costs	-267	-264	-780	-660	-904	-1,024
Comparison distortion costs	-	-260	-	-320	-320	-
Total other operating costs	-267	-524	-780	-980	-1,224	-1,024

Consolidated financial net

The financial net for the first nine months 2015 has amounted to SEK -172 (-156) 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 -13 (-46) million, interest on the bilateral term loans of SEK -61 (-54) million, interest on the private placement

of SEK -7 (-8) million, interest on the commercial papers of SEK -1 (-4) million, interest on the corporate bonds of SEK -64 (-4) million and a net of dividends and other interest income and interest costs of SEK -26 (-40) million. The net of realised and unrealised exchange rate differences has amounted to SEK -8 (91) million.

Key figures

Consolidated	Key figures		
	September 30		December 31
	2015	2014	2014
Return on capital employed (%) *	21.8	20.6	20.5
Return on equity capital (%) *	21.8	17.9	17.6
Solidity (%) **	31.9	31.9	30.8
Net debt to EBITDA, times *	1.79	2.79	2.45
Debt ratio, times **	0.79	0.88	0.88
Number of employees **	17,392	17,820	17,753

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

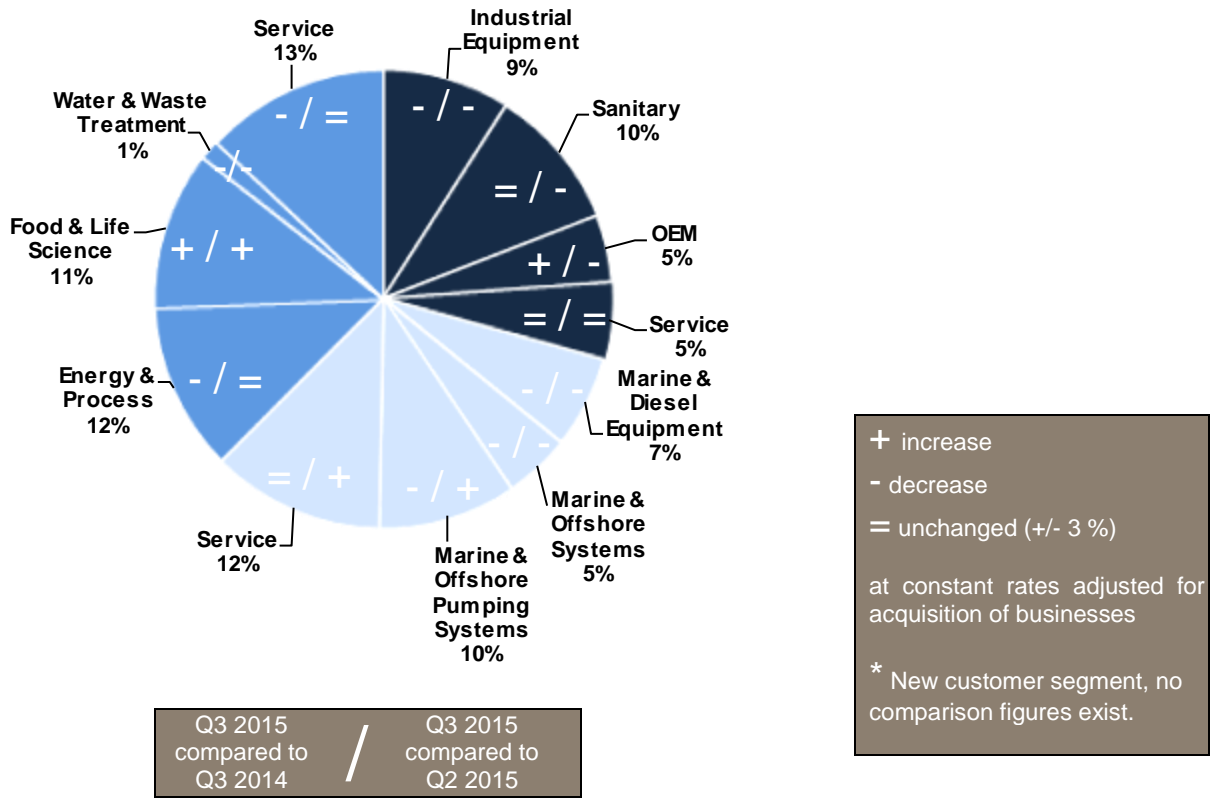
Please note that all key figures calculated on a 12 months' revolving basis have not been proforma

adjusted for the acquisition of Frank Mohn AS.

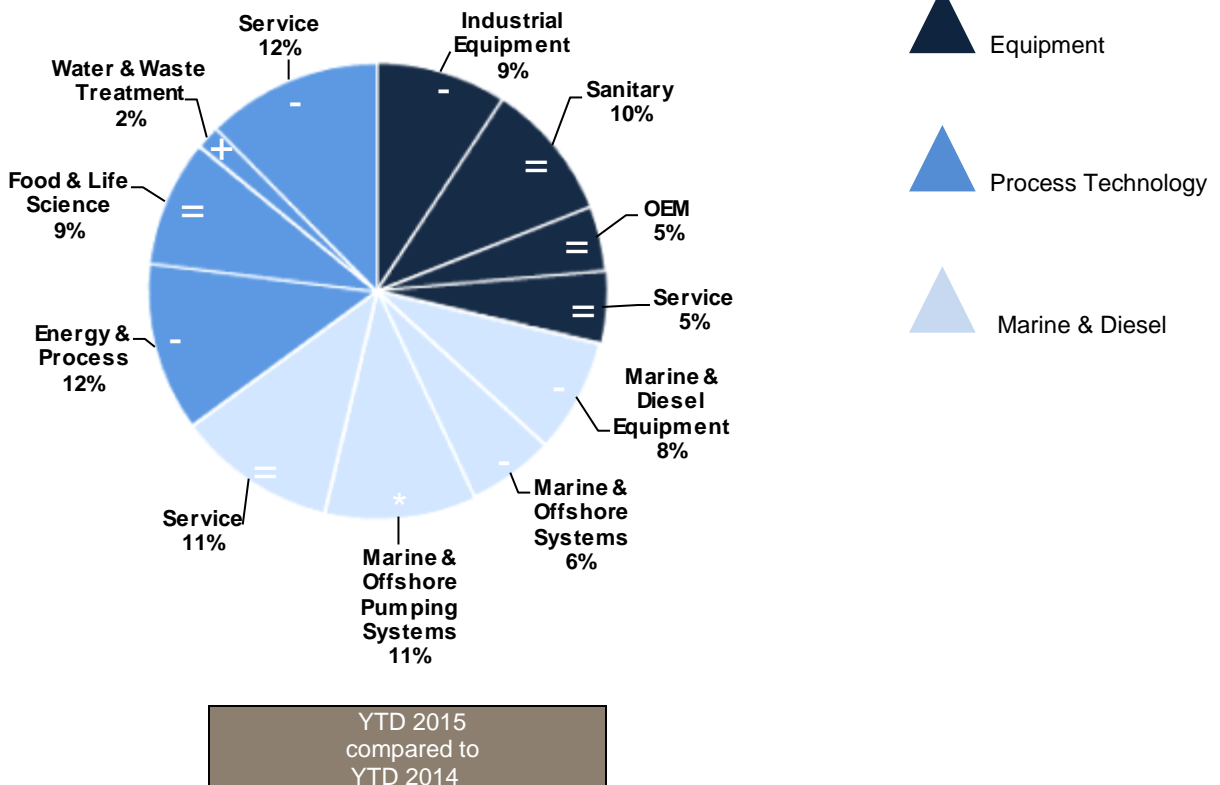
Business divisions

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

Orders received by customer segment Q3 2015



Orders received by customer segment YTD 2015



Equipment division

Consolidated SEK millions	Third quarter		First nine months		Full year	Last 12
	2015	2014	2015	2014	2014	months
Orders received	2,545	2,462	7,946	7,344	9,867	10,469
Order backlog*	1,818	1,665	1,818	1,665	1,571	1,818
Net sales	2,671	2,531	7,806	7,158	9,787	10,435
Operating income**	365	306	996	913	1,320	1,403
Operating margin	13.7%	12.1%	12.8%	12.8%	13.5%	13.4%
Depreciation and amortisation	52	46	157	134	188	211
Investments	20	9	37	33	59	63
Assets*	6,656	5,890	6,656	5,890	6,424	6,656
Liabilities*	932	938	932	938	764	932
Number of employees*	2,537	2,662	2,537	2,662	2,667	2,537

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

Consolidated %	Change excluding currency effects					
	Order intake			Net sales		
	Structural change	Organic development	Total	Structural change	Organic development	Total
Q3 2015/2014	-	-3.3	-3.3	-	-1.2	-1.2
Q3/Q2 2015	-	-10.6	-10.6	-	0.0	0.0
YTD 2015/2014	-	-1.2	-1.2	-	-0.4	-0.4

All comments below are excluding currency effects.

Order intake

Order intake declined in the third quarter compared to the second. While all capital sales segments reported lower order intake, it was particularly evident in Industrial Equipment where a large district heating order taken in the second quarter was not repeated. Demand for spare parts and services remained on the same high level as in the previous quarter. Geographically, most major markets declined. India, however, had good order intake in the quarter, especially in Sanitary.

The **Sanitary** segment declined due to lower volumes in food, whereas demand from customers in personal care and pharma was very good. The main explanatory factor for the decline in **Industrial Equipment** was the non-repeat

large district heating order in the comfort business. Excluding this order, comfort volumes were only somewhat lower. Air products also declined, partly due to lower demand among customers, partly an effect of the closing of air products manufacturing in the Netherlands and moving it to Italy and Poland. The **OEM** segment had a lower demand compared to the second quarter, mainly due to slower activity among customers in A/C, diesel engines and heat pumps, following their stocking up on products already in the second quarter, ahead of the vacation period.

Operating income

The increase in operating income for Equipment during the third 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.

Process Technology division

Consolidated SEK millions	Third quarter		First nine months		Full year	Last 12
	2015	2014	2015	2014	2014	months
Orders received	3,256	3,586	9,706	10,343	14,271	13,634
Order backlog*	8,285	8,777	8,285	8,777	8,440	8,285
Net sales	3,467	3,619	10,410	10,054	14,410	14,766
Operating income**	352	523	1,259	1,594	2,230	1,895
Operating margin	10.2%	14.5%	12.1%	15.9%	15.5%	12.8%
Depreciation and amortisation	92	82	267	237	325	355
Investments	42	21	96	68	111	139
Assets*	11,285	10,488	11,285	10,488	11,893	11,285
Liabilities*	4,507	4,835	4,507	4,835	4,237	4,507
Number of employees*	5,228	5,427	5,228	5,427	5,342	5,228

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

Consolidated %	Change excluding currency effects					
	Order intake			Net sales		
	Structural change	Organic development	Total	Structural change	Organic development	Total
Q3 2015/2014	0.1	-14.1	-14.0	0.2	-9.5	-9.3
Q3/Q2 2015	0.1	5.1	5.2	0.1	-9.1	-9.0
YTD 2015/2014	0.0	-15.1	-15.1	0.1	-5.3	-5.2

All comments below are excluding currency effects.

Order intake

The order intake in the Process Technology division grew somewhat versus the second quarter, driven by the Food & Life Science segment, whereas the Energy & Process segment was unchanged. For the division as a whole orders with a value above SEK 5 million developed strongly, while the base business* declined. The very large orders with a value above SEK 50 million were on about the same level as in the second quarter. Geographically, most regions recorded growth – the exception being North America.

The unchanged order level in **Energy & Process** reflected a continued low activity level in the oil and gas industry. A contraction upstream was more than compensated by a good development in the midstream business. In a climate with continued limitations on capex spending for pure capacity-related investments, customers prioritize efficiency investments and general upgrades. Downstream, the market unit Petrochemicals saw a strong recovery, driven by Europe and Asia. The market unit Inorganics, Metals & Paper also developed favourably. The market units Refinery and Power, however, were below the second quarter. The base business declined for the segment as a whole, mirroring the prevailing uncertainty in the oil and gas sector as a whole.

The **Food & Life Science** segment saw a strong order increase compared to the previous quarter, boosted by large capacity-related brewery and vegetable oil orders from emerging markets. North America and Europe, however, declined. Order intake in the **Water & Waste Treatment** segment declined in the quarter, primarily in North America.

The **Service** segment was unchanged. Demand from the whole oil and gas chain was slightly up, driven by activity in the up- and midstream sectors, while Water & Waste Treatment noted a somewhat weaker development.

Operating income

The decrease in operating income for Process Technology during the third quarter 2015 compared to the corresponding period last year is explained by a lower sales volume, a weak productivity development within engineering and higher costs in certain customer projects.

* 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	Third quarter		First nine months		Full year	Last 12
	2015	2014	2015	2014	2014	months
Orders received	2,885	3,660	10,024	8,464	12,522	14,082
Order backlog*	12,014	11,958	12,014	11,958	12,282	12,014
Net sales	3,555	3,122	10,725	7,080	10,870	14,515
Operating income**	721	550	2,221	1,282	2,019	2,958
Operating margin	20.3%	17.6%	20.7%	18.1%	18.6%	20.4%
Depreciation and amortisation	202	215	615	380	591	826
Investments	49	38	106	60	84	130
Assets*	23,409	24,948	23,409	24,948	25,299	23,409
Liabilities*	4,560	4,329	4,560	4,329	4,132	4,560
Number of employees*	3,191	3,099	3,191	3,099	3,127	3,191

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

Consolidated %	Change excluding currency effects					
	Order intake			Net sales		
	Structural change	Organic development	Total	Structural change	Organic development	Total
Q3 2015/2014	0.4	-23.7	-23.3	0.5	12.5	13.0
Q3/Q2 2015	0.5	-6.3	-5.8	0.4	-1.9	-1.5
YTD 2015/2014	22.2	-9.9	12.3	34.7	10.2	44.9

All comments below are excluding currency effects.

Order intake

Order intake for the Marine & Diesel division decreased in the third quarter compared to the second, reflecting lower demand among customers in marine, offshore and diesel power.

The order intake for the **Marine & Diesel Equipment** segment declined from the previous quarter, affected by lower ship contracting earlier in the year and also less of demand for diesel power plants. Demand for environmental solutions also declined, as a large frame agreement for PureBallast resulted in several orders in the second quarter that were not repeated in the third. The **Marine & Offshore Systems** segment recorded declining order intake for systems going into new as well as existing ships. The decline was partly offset by a large offshore order for boilers. **Marine & Offshore Pumping Systems** reported an

increased order intake, driven by a revaluation of the backlog due to a stronger dollar. Excluding that revaluation, the segment reported a lower order intake as growth in the marine pumping business could not compensate for a non-repeat in the offshore business.

Service reported an increase in order intake compared to the previous quarter driven by both higher activity for parts as well as an increase in service for pumping systems.

Operating income

The increase in operating income for Marine & Diesel during the third quarter 2015 compared to the corresponding period last year is explained by a higher sales volume and a positive price/mix effect, 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	Third quarter		First nine 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**	-55	-121	-206	-442	-529	-293
Depreciation and amortisation	91	93	273	271	365	367
Investments	69	76	157	237	349	269
Assets*	6,326	8,061	6,326	8,061	5,906	6,326
Liabilities*	2,707	2,876	2,707	2,876	3,974	2,707
Number of employees*	6,436	6,632	6,436	6,632	6,617	6,436

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

Reconciliation between divisions and Group total

Consolidated						
SEK millions	Third quarter		First nine months		Full year	Last 12
	2015	2014	2015	2014	2014	months
Operating income						
Total for divisions	1,383	1,258	4,270	3,347	5,040	5,963
Comparison distortion items	-	-260	-	-320	-320	0
Consolidation adjustments *	21	3	-31	-18	-49	-62
Total operating income	1,404	1,001	4,239	3,009	4,671	5,901
Financial net	-66	-10	-180	-65	-550	-665
Result after financial items	1,338	991	4,059	2,944	4,121	5,236
Assets **						
Total for divisions	47,676	49,387	47,676	49,387	49,522	47,676
Corporate	6,578	5,908	6,578	5,908	6,264	6,578
Group total	54,254	55,295	54,254	55,295	55,786	54,254
Liabilities **						
Total for divisions	12,706	12,978	12,706	12,978	13,107	12,706
Corporate	24,222	24,699	24,222	24,699	25,477	24,222
Group total	36,928	37,677	36,928	37,677	38,584	36,928

* 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 *					
	Third quarter		First nine months		Full year	Last 12
	2015	2014	2015	2014	2014	months
Own products within:						
Separation	1,929	1,856	5,680	5,045	7,222	7,857
Heat transfer	4,272	4,134	12,612	11,799	16,587	17,400
Fluid handling	2,487	2,243	7,327	4,521	6,933	9,739
Other	231	192	818	627	862	1,053
Associated products	413	488	1,339	1,247	1,915	2,007
Services	361	359	1,165	1,053	1,548	1,660
Total	9,693	9,272	28,941	24,292	35,067	39,716

* The split of own products within separation, heat transfer and fluid handling is a reflection of the current three main technologies. Other is own products outside these main technologies. Associated products are

mainly purchased products that complement Alfa Laval's product offering. Services cover all sorts of service, service agreements etc.

New products during the third quarter

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

Alfa Laval Culturefuge 200



Centrifuge for advanced drug production in the biopharmaceutical industries

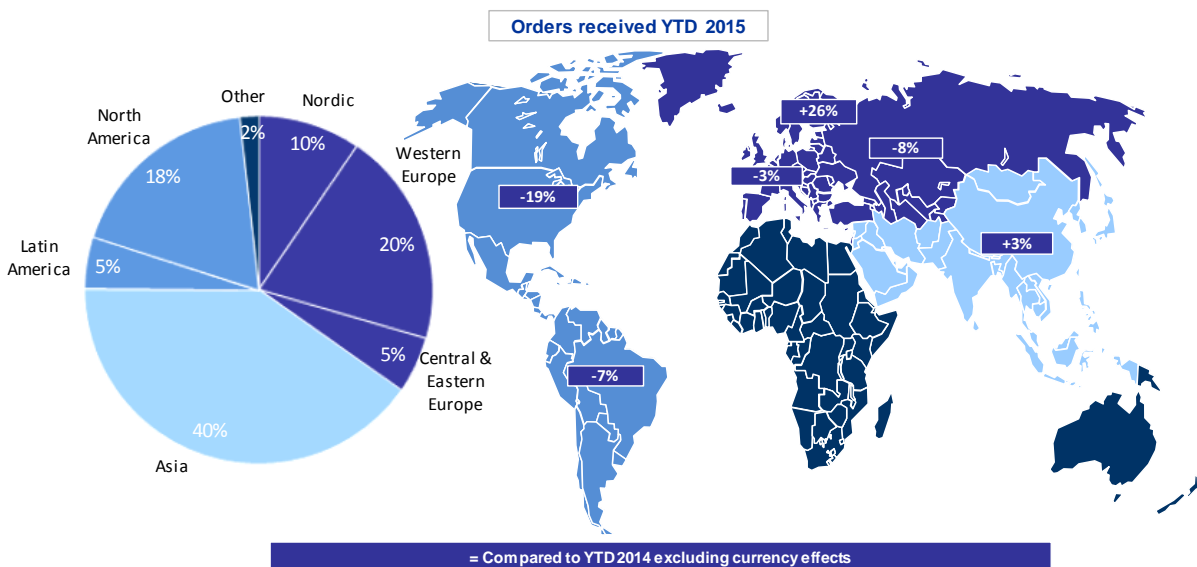
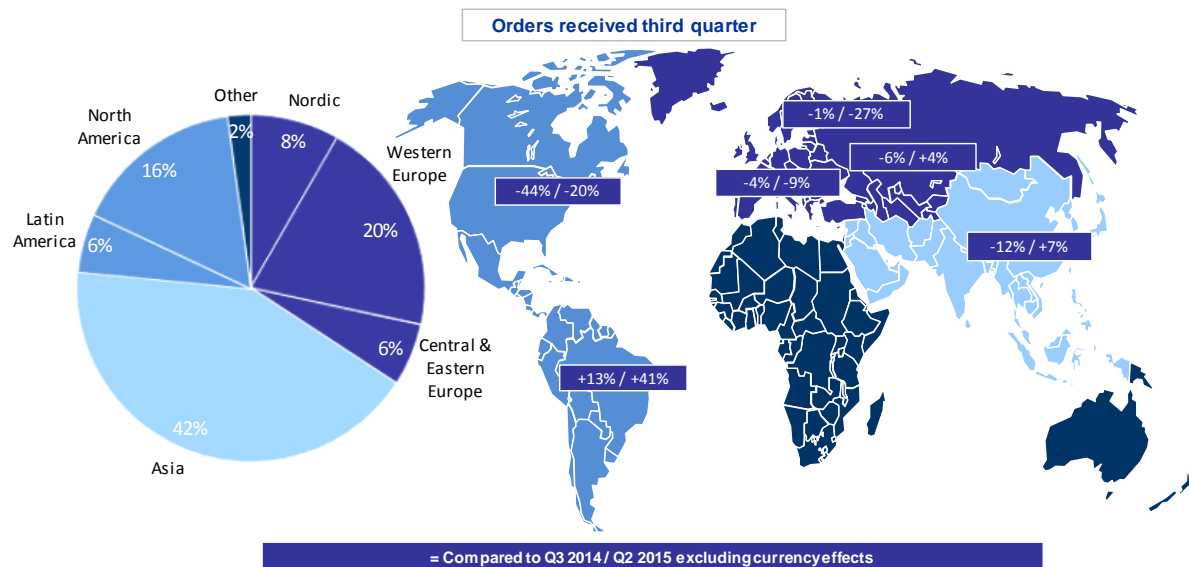
Alfa Laval Culturefuge 200 expands the separator range of hermetic cell culture centrifuges, designed for gentle harvesting of shear-sensitive material in applications involving mammalian cell cultures and precipitated proteins. The Culturefuge separator features Alfa Laval's unique hollow spindle feed arrangement, which ensures a very gentle, low-shear acceleration of particles. Special care has been taken with

maintaining hygienic standards and the unit can be sterilized and cleaned-in-place. In addition, the solids-ejecting system with fast and partial discharge ensures low product losses. Benefits at a glance:

- Compact and flexible design
- Sterilisable
- CIP (Cleaning-In-Place)

Alfa Laval Culturefuge 200 was first presented at theACHEMA 2015 trade show in Frankfurt in June.

Information by region



All comments are excluding currency effects.

Western Europe including Nordic

Order intake decreased in the third quarter compared with the second, affected by fewer large contracts and a decline in the base business*. Energy & Process, Water & Waste Treatment and Marine & Offshore Systems developed well while OEM, Sanitary, Industrial Equipment, Marine & Diesel Equipment and Food & Life Science all declined. From a country perspective Germany grew, while the rest declined.

Central and Eastern Europe

The region reported an increase in order intake compared to the second quarter, driven by a positive development in Russia and Turkey. Order intake in Russia grew following a very strong quarter for the service business in Marine & Diesel, as well as Process Technology. At the

same time, the Energy & Process segment grew, recovering from the very low levels seen in both the first and second quarter. In Turkey, the positive development was driven by the Equipment division, as well as a strong service business in the Marine & Diesel and Process Technology divisions.

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

North America

North America reported a decline in order intake in the third quarter compared to the second, due to fewer larger orders and a decline in the base business. All segments came in lower, except Service that reported an unchanged level. From a country perspective Canada reported growth, while the U.S. saw a decline, among other things due to a non-repeated larger order within Water & Waste Treatment.

Latin America

Latin America had a strong development of the order intake and recovered from a very weak second quarter, lifted by a good base business in Process Technology and Equipment, an increase in larger orders and a good service performance in all three divisions. While there was still no improvement of the general business climate in Brazil, the order intake grew. Larger orders in the food and process-related businesses, as well as a positive base business development contributed to the increase.

Asia

Order intake showed a positive development during the third quarter, lifted by growth in China, India, Japan and parts of South East Asia. The

best performance was reported in the Process Technology division, with large orders concerning vegetable oil in China as well as brewery in India. The order intake for market units Oil & Gas and Petrochemicals were also up compared to the weak levels seen in the second quarter. The Marine & Diesel division grew somewhat as the marine business in the Marine & Offshore Pumping Systems segment continued to see a positive impact from a beneficial ship contracting mix (high proportion chemical and product tankers) and the revaluation of the order backlog. The Equipment division showed a decline as a large district heating order in the second quarter was not repeated. Meanwhile, the Sanitary and OEM businesses both did well. Sanitary was lifted by improved demand in the food-related businesses in China and South East Asia, while OEM benefitted from an increase in construction-related demand in Japan. China grew somewhat compared to the previous quarter. Partly this was a result of a positive development in the land-based business, where particularly the food-related business did well. Service in China also showed good growth across all three service segments when compared to the previous quarter.

Consolidated SEK millions	Net sales					
	Third quarter		First nine months		Full year	Last 12 months
	2015	2014	2015	2014	2014	
To customers in:						
Sweden	217	189	639	599	820	860
Other EU	2,249	2,260	6,744	6,323	9,153	9,574
Other Europe	665	591	2,154	1,741	2,575	2,988
USA	1,661	1,498	5,028	3,927	5,446	6,547
Other North America	186	297	720	766	1,105	1,059
Latin America	446	587	1,377	1,603	2,205	1,979
Africa	63	71	243	232	364	375
China	1,209	1,083	3,422	2,655	3,838	4,605
South Korea	1,309	1,295	3,911	2,580	3,952	5,283
Other Asia	1,558	1,287	4,366	3,510	5,122	5,978
Oceania	130	114	337	356	487	468
Total	9,693	9,272	28,941	24,292	35,067	39,716

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

the delivery address.

Consolidated	Non-current assets		
	September 30		December 31
	2015	2014	2014
SEK millions			
Sweden	1,332	1,415	1,370
Denmark	4,529	4,535	4,680
Other EU	4,094	4,087	4,216
Norway	13,502	15,839	14,747
Other Europe	178	216	194
USA	4,570	4,172	4,434
Other North America	110	115	122
Latin America	264	385	371
Africa	2	1	1
Asia	3,040	2,944	3,086
Oceania	85	83	89
Subtotal	31,706	33,792	33,310
Other long-term securities	35	31	30
Pension assets	5	21	6
Deferred tax asset	2,033	1,655	1,986
Total	33,779	35,499	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	Third quarter		First nine months		Full year	Last 12
	2015	2014	2015	2014	2014	months
Operating activities						
Operating income	1,404	1,001	4,239	3,009	4,671	5,901
Adjustment for depreciation and amortisation	437	436	1,312	1,022	1,469	1,759
Adjustment for other non-cash items	0	-70	-231	-121	-83	-193
	1,841	1,367	5,320	3,910	6,057	7,467
Taxes paid	-317	-321	-1,151	-1,027	-1,422	-1,546
	1,524	1,046	4,169	2,883	4,635	5,921
Changes in working capital:						
Increase(-)/decrease(+) of receivables	139	375	417	95	-282	40
Increase(-)/decrease(+) of inventories	-38	-113	-298	-376	-99	-21
Increase(+)/decrease(-) of liabilities	-331	67	-340	595	596	-339
Increase(+)/decrease(-) of provisions	75	292	27	236	273	64
Increase(-)/decrease(+) in working capital	-155	621	-194	550	488	-256
	1,369	1,667	3,975	3,433	5,123	5,665
Investing activities						
Investments in fixed assets (Capex)	-180	-144	-396	-398	-603	-601
Divestment of fixed assets	10	1	11	1	76	86
Acquisition of businesses	-73	-9	-73	-14,393	-14,443	-123
	-243	-152	-458	-14,790	-14,970	-638
Financing activities						
Received interests and dividends	20	25	63	67	114	110
Paid interests	-111	-79	-248	-206	-281	-323
Realised financial exchange differences	-80	-208	-194	26	-266	-486
Dividends to owners of the parent	-	-	-1,678	-1,573	-1,573	-1,678
Dividends to non-controlling interests	0	0	-18	-4	-5	-19
Increase(-)/decrease(+) of financial assets	-83	4	-128	84	54	-158
Increase(+)/decrease(-) of borrowings	-765	-997	-1,637	13,387	12,207	-2,817
	-1,019	-1,255	-3,840	11,781	10,250	-5,371
Cash flow for the period	107	260	-323	424	403	-344
Cash and bank at the beginning of the period	1,620	1,665	2,013	1,446	1,446	1,975
Translation difference in cash and bank	-67	50	-30	105	164	29
Cash and bank at the end of the period	1,660	1,975	1,660	1,975	2,013	1,660
Free cash flow per share (SEK) *	2.68	3.61	8.38	-27.08	-23.48	11.98
Capex in relation to sales	1.9%	1.6%	1.4%	1.6%	1.7%	1.5%
Average number of shares	419,456,315	419,456,315	419,456,315	419,456,315	419,456,315	419,456,315

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

During the first nine months 2015 cash flows from operating and investing activities amounted to SEK 3,517 (-11,357) million. Depreciation, ex-

cluding allocated step-up values, was SEK 486 (396) million during the first nine months.

Financial position and equity

CONSOLIDATED FINANCIAL POSITION

SEK millions	September 30		December 31
	2015	2014	2014
ASSETS			
Non-current assets			
Intangible assets	26,893	28,784	28,306
Property, plant and equipment	4,813	5,008	5,004
Other non-current assets	2,073	1,707	2,022
	33,779	35,499	35,332
Current assets			
Inventories	8,183	7,941	7,883
Assets held for sale	6	-	6
Accounts receivable	6,047	5,973	6,684
Other receivables	3,591	3,170	2,995
Derivative assets	148	113	176
Other current deposits	840	624	697
Cash and bank *	1,660	1,975	2,013
	20,475	19,796	20,454
TOTAL ASSETS	54,254	55,295	55,786
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Owners of the parent	17,206	17,512	17,077
Non-controlling interests	120	106	125
	17,326	17,618	17,202
Non-current liabilities			
Liabilities to credit institutions etc	14,550	16,805	16,454
Provisions for pensions and similar commitments	2,344	1,658	2,221
Provision for deferred tax	2,765	2,890	3,074
Other provisions	527	501	543
	20,186	21,854	22,292
Current liabilities			
Liabilities to credit institutions etc	1,589	1,194	1,251
Accounts payable	2,833	2,750	2,904
Advances from customers	3,491	3,723	3,796
Other provisions	1,920	1,837	1,862
Other liabilities	6,067	6,080	5,507
Derivative liabilities	842	239	972
	16,742	15,823	16,292
Total liabilities	36,928	37,677	38,584
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	54,254	55,295	55,786

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

Consolidated	Financial assets and liabilities at fair value			
	Valuation hierarchy level	September 30		December 31
SEK millions		2015	2014	2014
Financial assets				
Other long term securities	1 and 2	35	31	30
Bonds and other securities	1	741	459	532
Derivative assets	1	148	113	176
Financial liabilities				
Derivative liabilities	1	842	239	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			
		September 30		December 31
SEK millions		2015	2014	2014
Credit institutions		1,201	3,863	2,981
Swedish Export Credit		3,027	2,821	2,975
European Investment Bank		2,309	2,246	2,332
Private placement		922	795	864
Commercial papers		1,200	999	999
Corporate bonds		7,480	7,275	7,554
Capitalised financial leases		61	74	73
Interest-bearing pension liabilities		0	0	0
Total debt		16,200	18,073	17,778
Cash, bank and current deposits		-2,500	-2,599	-2,710
Net debt		13,700	15,474	15,068

Alfa Laval has a senior credit facility of EUR 400 million and USD 544 million, corresponding to SEK 8,333 million with a banking syndicate. At September 30, 2015 SEK 779 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 1,200 million with 3-5 months duration was utilised at September 30, 2015.

CHANGES IN CONSOLIDATED EQUITY

SEK millions	First nine 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	1,807	2,998	2,563
Transactions with shareholders			
Dividends	-1,678	-1,573	-1,573
	-1,678	-1,573	-1,573
Subtotal	129	1,425	990
Non-controlling interests			
Comprehensive income			
Comprehensive income for the period	13	18	38
Transactions with shareholders			
Non-controlling interests in acquired companies	-	17	17
Dividends	-18	-4	-5
	-18	13	12
Subtotal	-5	31	50
At the end of the period	17,326	17,618	17,202

Acquisition of businesses

Alfa Laval has as from July 3, 2015 acquired 100 percent of 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. On a whole year basis revenues are estimated to amount to about SEK 50 million this year. 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.

On July 31, 2015 Alfa Laval has acquired 100 percent of K-Bar Parts LLC, which is a small aftermarket company in the US. The company has since then been renamed to Alfa Laval Kathabar Inc.

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

The acquisitions during the first nine months 2015 can be summarized as follows. Please observe that the purchase price allocations for

the two acquisitions during 2015 are still preliminary.

Consolidated	Acquisitions 2015		
	Total		
	Book value	Adjustment to fair value	Fair value
SEK millions			
Trademarks ⁽¹⁾	-	35	35
Inventory	50	-	50
Accounts receivable	2	-	2
Other receivables	13	-	13
Accounts payable	-1	-	-1
Other liabilities	-40	-	-40
Deferred tax	-	-6	-6
Acquired net assets	24	29	53
Goodwill ⁽²⁾			18
Purchase price			-71
Costs directly linked to the acquisitions ⁽³⁾			-2
Payment of amounts retained in prior years			0
Effect on the Group's liquid assets			-73

1. The step up value for trademarks is amortised over 10 years.
2. The goodwill is relating to estimated synergies in procurement, logistics and corporate overheads and the companies' ability to over time recreate its intangible assets. The value of the goodwill is still preliminary.
3. Refers to fees to lawyers, due diligence and assisting counsel. Has been expensed as other operating costs.

Parent company

The parent company's result after financial items was SEK 63 (162) million, out of which dividends from subsidiaries SEK 69 (130) million, net interests SEK 0 (32) million, realised and unrealised exchange rate gains and losses SEK -2 (3) million, costs related to the listing

SEK -4 (-3) million, fees to the Board SEK -3 (-4) million, cost for annual report and annual general meeting SEK -2 (-2) million and other operating income and operating costs the remaining SEK 5 (6) million.

PARENT COMPANY INCOME *

SEK millions	Third quarter		First nine months		Full year
	2015	2014	2015	2014	2014
Administration costs	0	-1	-9	-9	-13
Other operating income	1	1	5	9	3
Other operating costs	2	-1	0	-3	-4
Operating income	3	-1	-4	-3	-14
Revenues from interests in group companies	69	-	69	130	1,630
Interest income and similar result items	4	8	6	42	51
Interest expenses and similar result items	0	-3	-8	-7	-8
Result after financial items	76	4	63	162	1,659
Change of tax allocation reserve	-	-	-	-	-65
Group contributions	-	-	-	-	947
Result before tax	76	4	63	162	2,541
Tax on this year's result	-2	-1	1	-7	-205
Net income for the period	74	3	64	155	2,336

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

PARENT COMPANY FINANCIAL POSITION

SEK millions	September 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	7,223	7,583	10,120
Other receivables	211	241	51
Cash and bank	-	-	-
	7,434	7,824	10,171
TOTAL ASSETS	12,103	12,493	14,840
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Restricted equity	2,387	2,387	2,387
Unrestricted equity	8,402	7,835	10,015
	10,789	10,222	12,402
Untaxed reserves			
Tax allocation reserves, taxation 2009-2015	1,301	1,236	1,301
Current liabilities			
Commercial papers	-	999	999
Liabilities to group companies	12	29	138
Accounts payable	1	7	0
Other liabilities	0	0	-
	13	1,035	1,137
TOTAL EQUITY AND LIABILITIES	12,103	12,493	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 38,483 (38,185) shareholders on September 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 6.0 to 0.8 percent. These ten largest shareholders owned 55.9 (54.1) percent of the shares.

Nomination Committee for the Annual General Meeting 2016

In accordance with a resolution taken at the Annual General Meeting of Alfa Laval AB on April 23, 2015, the Chairman of the Board, Anders Narvinger, has contacted the largest shareholders to constitute the Nomination Committee in preparation of the Annual General Meeting 2016. The following persons have

accepted to be part of the Nomination Committee: Finn Rausing, Tetra Laval, Claes Dahlbäck, Foundation Asset Management, Ramsay Brufer, Alecta, Jan Andersson, Swedbank Robur Fonder and Lars-Åke Bokenberger, AMF Pension.

The Annual General Meeting of Alfa Laval AB will be held at Sparbanken Skåne Arena, Klostersgårdens idrottsområde, Stattenavägen, Lund, Sweden on Monday April 25, 2016, at 16.00 (CET).

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

Risks and other

Material factors of risk and uncertainty

The main factors of risk and uncertainty facing the Group concern the price development of metals, fluctuations in major currencies and the business cycle. It is the company's opinion that the description of risks made in the Annual Report for 2014 is still correct.

Asbestos-related lawsuits

The Alfa Laval Group was as of September 30, 2015, named as a co-defendant in a total of 749 asbestos-related lawsuits with a total of approximately 750 plaintiffs. Alfa Laval strongly believes the claims against the Group are without merit and intends to vigorously contest each lawsuit.

Based on current information and Alfa Laval's understanding of these lawsuits, Alfa Laval continues to believe that these lawsuits will not have a material adverse effect on the Group's financial condition or results of operation.

Accounting principles

The interim report for the third quarter 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.

"Third quarter" refers to the period July 1 to September 30 and "First nine months" refers to

the period January 1 to September 30. "Full year" refers to the period January 1 to December 31. "Last 12 months" refers to the period October 1, 2014 to September 30, 2015. "The corresponding period last year" refers to the third quarter 2014 or the first nine months 2014 depending on the context. "Previous quarter" refers to the second quarter 2015.

In the report the measures adjusted EBITA and adjusted EBITDA are used. Adjusted EBITA is defined as earnings before interests, taxes, amortisation of step up values and comparison distortion items. Adjusted EBITDA is defined as earnings before interests, taxes, depreciation, amortisation of step up values and comparison distortion items.

The accounting and valuation principles of the parent company comply with the Swedish Annual Accounts Act and the recommendation RFR 2 "Accounting for legal entities" issued by the Council for Financial Reporting in Sweden.

Date for the next financial report

The fourth quarter and full year 2015 report will be published on February 2, 2016.

Alfa Laval will publish interim reports during 2016 at the following dates:

Interim report for the first quarter	April 25
Interim report for the second quarter	July 18
Interim report for the third quarter	October 25

The interim report has been issued on October 27, 2015 at CET 7.30 by the President and Chief Executive Officer Lars Renström by proxy from the Board of Directors.

Lund, October 27, 2015,

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

Review report

Introduction

We have reviewed the summary interim financial information (the interim report) of Alfa Laval AB (publ) as of September 30, 2015 and the nine months' period then ended. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and other generally accepted auditing practices. The procedures

performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report, in all material aspects, is not prepared for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act and for the Parent company in accordance with the Swedish Annual Accounts Act.

Lund, October 27, 2015,

Håkan Olsson Reising
Authorised Public
Accountant

Helene Willberg
Authorised Public
Accountant