

Third quarter 2008



“The demand remained on a high level during the third quarter and order intake reached SEK 6.8 billion. The strongest customer segment was Energy & Environment that continued to develop favourably. In Marine & Diesel the demand from the shipyards started to soften while the demand for diesel power plants strengthened.

Asia, Eastern Europe and Latin America accounted for 48 percent of the Group’s order intake. North America had the strongest development, partly supported by acquisitions.

Alfa Laval improved EBITA with 8 percent to SEK 1,444 million. An increase of invoicing with 4 percent to SEK 6.6 billion and a favourable product mix gave an operating margin of 21.8 percent”

Lars Renström, President and CEO

Third quarter:

Order intake decreased by 3.4 percent * to SEK **6,784** (7,150) million.

Net sales increased by 4.9 percent * to SEK **6,632** (6,385) million.

Adjusted EBITA was SEK **1,444** (1,340) million, including adverse foreign exchange effects of SEK 94 million.

Adjusted EBITA-margin was **21.8** (21.0) percent.

Result after financial items was SEK **1,418** (1,252) million.

Result after tax increased to SEK **1,001** (922) million.

Earnings per share increased to SEK **2.32** (2.08).

Cash flow from operating activities was SEK **1,256** (976) million.

Nine months:

Order intake increased by 4.3 percent * to SEK **21,283** (20,977) million.

Net sales increased by 14.5 percent * to SEK **19,754** (17,629) million.

Adjusted EBITA was SEK **4,439** (3,305) million, including adverse foreign exchange effects of SEK 226 million.

Adjusted EBITA-margin was **22.5** (18.7) percent.

Result after financial items was SEK **4,130** (2,970) million.

Result after tax increased to SEK **2,937** (2,124) million.

Earnings per share increased to SEK **6.79** (4.72).

Cash flow from operating activities was SEK **3,185** (2,014) million.

* excluding exchange rate variations

Outlook for the fourth quarter

“We expect demand during the fourth quarter to be in line with, or somewhat lower, compared to the same period 2007.”

Earlier published outlook (July 16, 2008): “We expect the demand to remain on the current high level.”

Key figures SEK millions, unless otherwise stated	July 1 - Sept 30 2008	July 1 - Sept 30 2007	Jan 1 - Sept 30 2008	Jan 1 - Sept 30 2007	2007	2006	2005
Order intake	6,784	7,150	21,283	20,977	27,553	24,018	18,516
Net sales	6,632	6,385	19,754	17,629	24,849	19,802	16,330
Adjusted EBITDA 1)	1,514	1,402	4,643	3,496	5,245	3,273	2,030
Adjusted EBITA 2)	1,444	1,340	4,439	3,305	4,980	3,010	1,765
Adjusted EBITA - margin 2)	21.8%	21.0%	22.5%	18.7%	20.0%	15.2%	10.8%
Result after financial items	1,418	1,252	4,130	2,970	4,557	2,375	1,099
Return on capital employed 3)			58.2%	47.1%	54.2%	35.9%	22.7%
Return on equity capital 3)			48.8%	37.9%	44.1%	25.3%	16.0%
Solidity			36.8%	31.7%	34.1%	36.4%	35.9%
Net debt to EBITDA, times 3)			0.3	0.6	0.5	0.5	1.0
Debt ratio, times			0.23	0.39	0.30	0.22	0.35
Cash flow from operations	1,256	976	3,185	2,014	3,264	2,619	1,616
Investments	195	97	454	241	556	373	324
No. of employees 4)			12,099	11,109	11,395	10,115	9,429

The interim report has been issued on October 22, 2008 by the President and Chief Executive Officer Lars Renström by proxy from the Board of Directors.

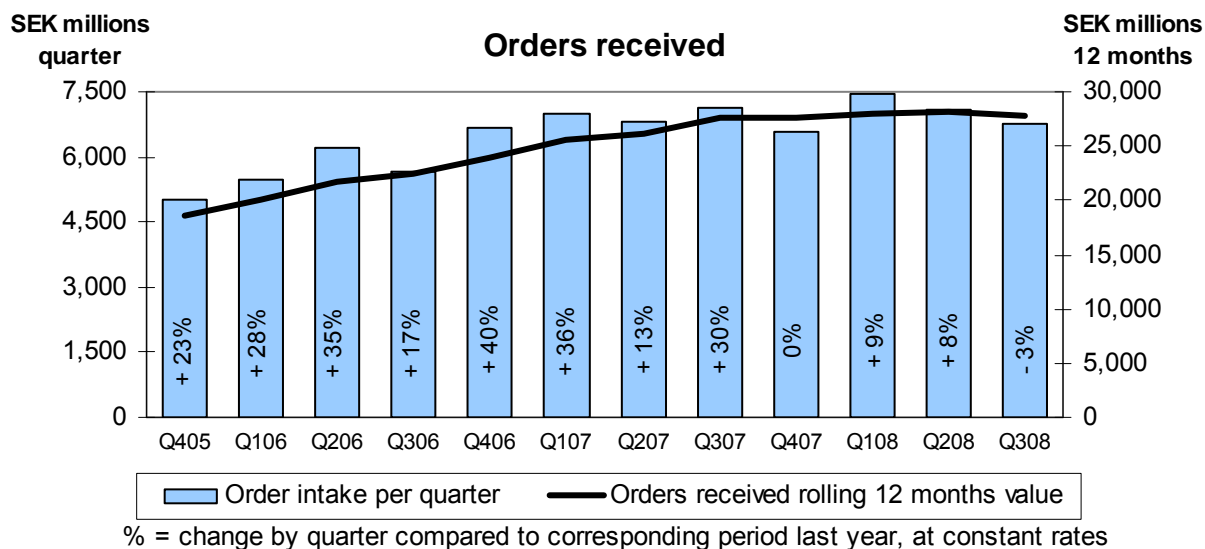
Lund, October 22, 2008,

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

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

- Adjusted EBITDA – "Earnings before interests, taxes, depreciation, amortisation of step up values and comparison distortion items."
- Adjusted EBITA – "Earnings before interests, taxes, amortisation of step up values and comparison distortion items."
- Calculated on a 12 months' revolving basis.
- Number of employees at the end of the period.

Management's discussion and analysis



Order analysis July 1 - Sept 30

2007 (SEK millions)	7,150
Structural change	2.8%
Currency effects	-1.7%
Organic development	-6.2%
Total	-5.1%
2008 (SEK millions)	6,784

Orders received amounted to SEK 6,784 (7,150) million for the third quarter. Excluding exchange rate variations, the order intake for the Group was 3.4 percent lower than the third quarter last year. Adjusted for acquisitions of businesses ⁵⁾ the corresponding figure is a decrease by 6.2 percent.

Orders received amounted to SEK 21,283 (20,977) million for the first nine months. Excluding exchange rate variations, the order intake for the Group was 4.3 percent higher than the same period last year. Adjusted for acquisitions of businesses ⁵⁾, the corresponding figure is 1.7 percent.

Orders received from the aftermarket "Parts & Service" has continued to develop positively and increased by 8.9 percent compared to last year excluding exchange rate variations. Its relative share of the Group's total orders received was 20.5 (19.6) percent.

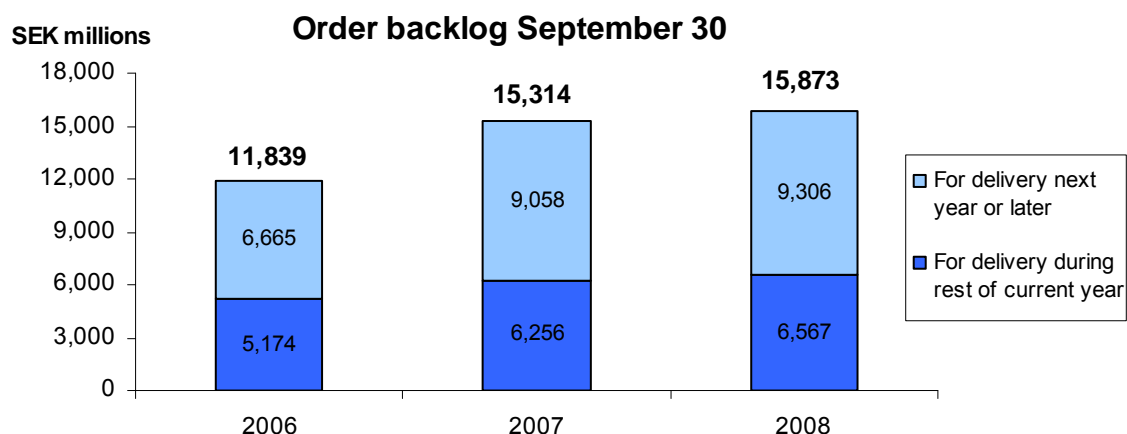
Large orders ⁶⁾ in the third quarter:

During the third quarter 2008 Alfa Laval received large orders for SEK 200 (360) million:

- Order for three thermal evaporation systems from Vedanta Aluminium in India. The order value is about SEK 150 million and delivery is scheduled for 2009.
- Order for plate heat exchangers to the power industry in Russia. The order value is about SEK 50 million. Delivery is scheduled for 2009.

5. Acquired businesses are:
 Hutchison Hayes Separation at August 15, 2008
 Pressko at July 31, 2008
 Standard Refrigeration at June 1, 2008
 Høyer Promix at February 11, 2008
 Fincoil, at December 1, 2007
 AGC Engineering at July 2, 2007
 Helpman at April 4, 2007
 DSO at March 16, 2007

6. Orders with a value over EUR 5 million.



The order backlog at September 30, 2008 was SEK 15,873 (15,314) million. Excluding exchange rate variations and adjusted for acquisitions of businesses the order backlog was 6.1 percent higher than the order backlog at September 30, 2007 and 10.6 percent higher than the order backlog at the end of 2007.

CONSOLIDATED INCOME STATEMENT

Amounts in SEK millions	July 1 - Sept 30 2008	July 1 - Sept 30 2007	Jan 1 - Sept 30 2008	Jan 1 - Sept 30 2007	Jan 1 - Dec 31 2007	Jan 1 - Dec 31 2006
Net sales	6,632	6,385	19,754	17,629	24,849	19,802
Cost of goods sold	-3,997	-3,974	-11,576	-10,986	-15,340	-12,598
Gross profit	2,635	2,411	8,178	6,643	9,509	7,204
Sales costs	-766	-716	-2,292	-2,047	-2,751	-2,607
Administration costs	-273	-256	-871	-848	-1,159	-948
Research and development costs	-163	-132	-503	-437	-643	-526
Other operating income *	118	80	238	197	362	281
Other operating costs *	-165	-119	-502	-441	-627	-852
Operating income	1,386	1,268	4,248	3,067	4,691	2,552
Dividends	1	0	2	1	2	2
Interest income	192	43	258	173	271	174
Interest expense	-161	-59	-378	-271	-407	-353
Result after financial items	1,418	1,252	4,130	2,970	4,557	2,375
Taxes	-417	-330	-1,193	-846	-1,377	-650
Net income for the year	1,001	922	2,937	2,124	3,180	1,725
Attributable to:						
Equity holders of the parent	992	910	2,912	2,091	3,137	1,687
Minority interests	9	12	25	33	43	38
Earnings per share (SEK)	2.32	2.08	6.79	4.72	7.12	3.78
Average number of shares **	427,193,596	437,174,544	428,777,841	443,158,672	440,611,504	446,687,972

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

** Average number of shares has been affected by the repurchase of shares and the 4:1 split.

Excluding exchange rate variations, the invoicing was 4.9 percent higher than the third quarter last year. Adjusted for acquisitions of businesses the corresponding figure is 2.0 percent.

Excluding exchange rate variations, the invoicing was 14.5 percent higher than the period January to September last year. Adjusted for acquisitions of businesses, the corresponding figure is 12.0 percent.

Sales and administration expenses amounted to SEK 3,163 (2,895) million. Adjusted for exchange rate variations and acquisitions of businesses, sales and administration expenses were 8.5 percent higher than last year.

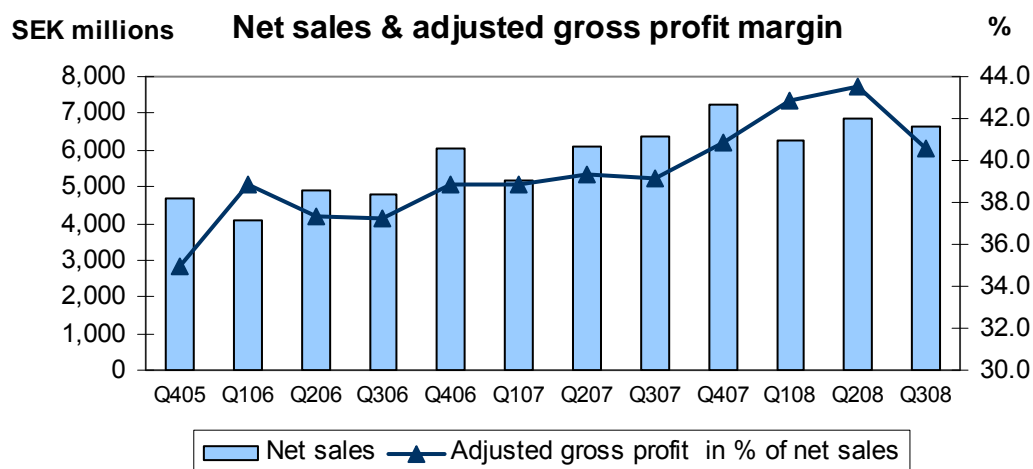
The costs for research and development have amounted to SEK 503 (437) million, corresponding to 2.5 (2.5) percent of net sales. Adjusted for exchange rate variations and acquisitions of businesses, the costs for research and development have increased by 12.8 percent compared to last year.

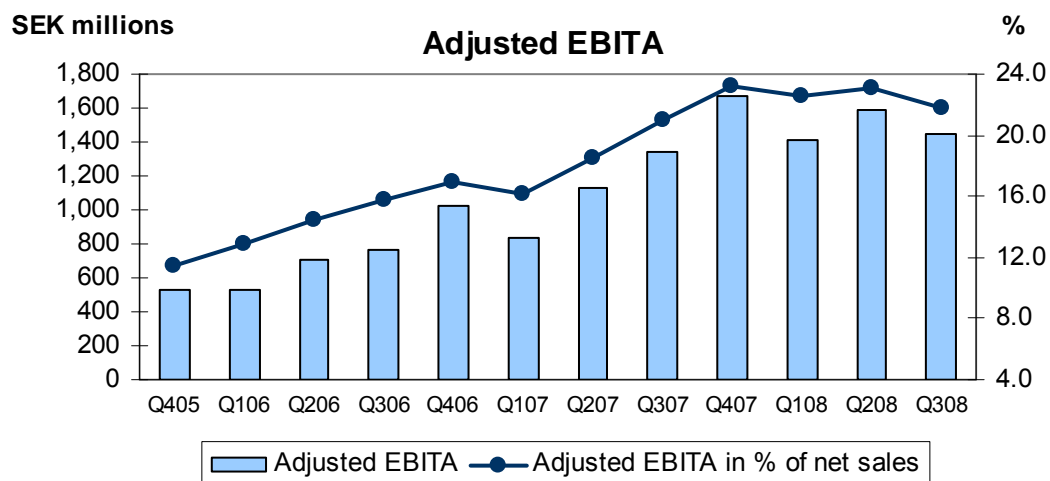
Income statement analysis	July 1 - Sept 30 2008	July 1 - Sept 30 2007	Jan 1 - Sept 30 2008	Jan 1 - Sept 30 2007	Jan 1 - Dec 31 2007	Jan 1 - Dec 31 2006
SEK millions						
Net sales	6,632	6,385	19,754	17,629	24,849	19,802
Adjusted gross profit *	2,693	2,498	8,369	6,898	9,852	7,542
- in % of net sales	40.6	39.1	42.4	39.1	39.6	38.1
Expenses **	-1,179	-1,096	-3,726	-3,402	-4,607	-4,269
- in % of net sales	17.8	17.2	18.9	19.3	18.5	21.6
Adjusted EBITDA	1,514	1,402	4,643	3,496	5,245	3,273
- in % of net sales	22.8	22.0	23.5	19.8	21.1	16.5
Depreciation	-70	-62	-204	-191	-265	-263
Adjusted EBITA	1,444	1,340	4,439	3,305	4,980	3,010
- in % of net sales	21.8	21.0	22.5	18.7	20.0	15.2
Amortisation of step up values	-58	-87	-191	-255	-343	-338
Comparison distortion items	-	15	-	17	54	-120
EBIT	1,386	1,268	4,248	3,067	4,691	2,552

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

The decrease in amortisation of step up values is due to the fact that some step up values from year 2000 have become fully amortised.

The adjusted result after tax and the minority's share of the result, excluding amortisation of step-up values and the corresponding tax, is SEK 7.11 (5.10) per share.





Comparison distortion items	July 1 - Sept 30 2008	July 1 - Sept 30 2007	Jan 1 - Sept 30 2008	Jan 1 - Sept 30 2007	Jan 1 - Dec 31 2007	Jan 1 - Dec 31 2006
Amounts in SEK millions						
Operational						
Other operating income	118	65	238	180	308	275
Comparison distortion income	-	15	-	17	54	6
Total other operating income	118	80	238	197	362	281
Other operating costs	-165	-119	-502	-441	-627	-726
Comparison distortion costs	-	-	-	-	-	-126
Total other operating costs	-165	-119	-502	-441	-627	-852

The operating income has been affected by comparison distortion items of SEK - (17) million. In the income statement these are reported gross as a part of other operating income and other operating costs. The income in 2007 refers to realised gains mainly on sale of a property in Belgium but also to a minor sale of land and buildings in India.

Consolidated financial result and taxes

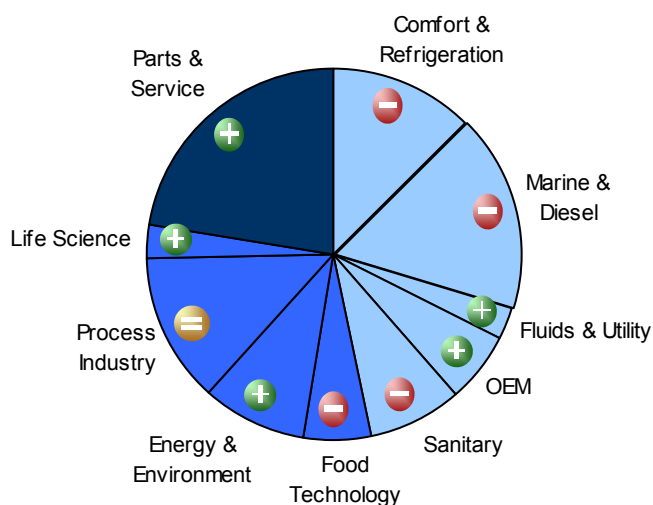
For the first nine months the financial net amounted to SEK -143 (-140) million, excluding realised and unrealised exchange rate losses and gains. The main elements of costs were interest on debt to the banking syndicate of SEK -65 (-41) million, interest on the private placement of SEK -28 (-30) million and a net of dividends and other interest income and interest costs of SEK -50 (-69) million.

The net of realised and unrealised exchange rate differences amounts to SEK 24 (43) million.

The increase in income taxes between 2008 and 2007 is primarily due to the increased result before tax.

Divisional reporting

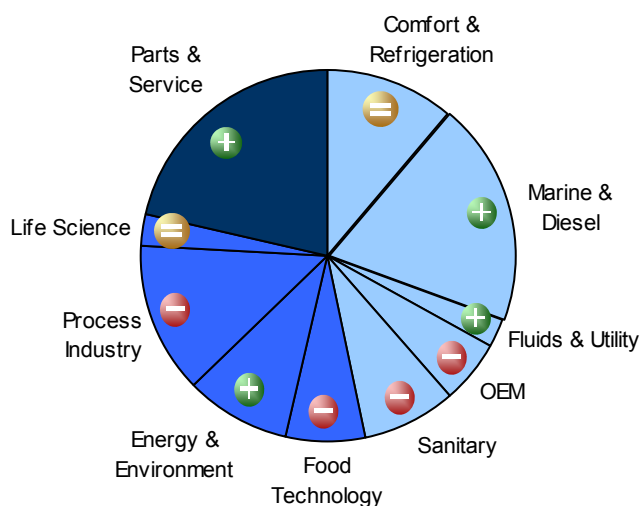
Orders received by segment Q3 2008



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

compared to corresponding period last year, at constant rates adjusted for acquisitions of businesses

Orders received by segment YTD 2008



■ = Equipment
■ = Process Technology
■ = Parts & Service

Equipment division

SEK millions	July 1 - Sept 30 2008	July 1 - Sept 30 2007	Jan 1 - Sept 30 2008	Jan 1 - Sept 30 2007	Jan 1 - Dec 31 2007	Jan 1 - Dec 31 2006
Orders received	3,990	4,182	12,495	12,064	15,896	12,617
Order backlog *			8,781	7,638	7,915	5,721
Net sales	3,799	3,590	11,308	9,974	13,586	10,934
Operating income	835	763	2,651	1,978	2,805	2,072

* At the end of the period.

Orders received and net sales (all comments are after adjustment for exchange rate fluctuations)

Orders received increased by 6.6 percent and net sales increased by 16.0 percent during the first nine months 2008 compared to the corresponding period last year. Adjusted for acquisitions of businesses, the corresponding figures are 2.4 percent and 11.8 percent.

In the Equipment division three out of six segments continued to grow compared to the third quarter last year. In Comfort & Refrigeration the refrigeration business showed continued good development, while the heating market was sluggish as a result of a slowdown in the residential market. For OEM, the air conditioning business grew and the market for heat pumps recovered and presented good growth. The Fluids & Utility segment continued to strengthen, due to technology conversion and better market

coverage. Parts & Service also continued to develop positively compared with the same period last year. Sanitary was down, due to low investments in the dairy market, as was the Marine & Diesel segment. Within Marine & Diesel the picture was mixed with marine orders slowing, while diesel power orders continued to increase.

Operating income (excluding comparison distortion items)

The increase in operating income during the first nine months 2008 compared to the corresponding period last year is mainly explained by a higher gross profit due to volume and increased margins, partially offset by sales and administration costs and adverse foreign exchange effects.

Process Technology division

SEK millions	July 1 - Sept 30 2008	July 1 - Sept 30 2,007	Jan 1 - Sept 30 2008	Jan 1 - Sept 30 2007	Jan 1 - Dec 31 2007	Jan 1 - Dec 31 2006
Orders received	2,789	2,932	8,772	8,858	11,594	11,391
Order backlog *			7,068	7,626	6,766	6,630
Net sales	2,816	2,789	8,409	7,643	11,242	8,829
Operating income	628	569	1,913	1,431	2,265	1,060

* At the end of the period.

Orders received and net sales (all comments are after adjustment for exchange rate fluctuations)

Orders received increased by 1.6 percent and net sales increased by 12.1 percent during the first nine months 2008 compared to the corresponding period last year. Adjusted for acquisitions of businesses, the corresponding figures are 1.1 percent and 11.8 percent.

The base business ** within the Process Technology Division decreased slightly in the third quarter compared to the same period last year. Among the segments, Energy & Environment showed particularly strong development. The negative trend for Process Industry turned in the third quarter, where capacity investments boosted the refinery industry. Parts & Service showed a continued stable development in the quarter while Food Technology was weaker due to larger non-repeated orders. Still, the vegetable oil business grew significantly, especially in Asia, as high commodity prices contributed to further increase investments in the industry. Geographically, Asia and the Americas performed well, whereas the European markets declined from the same period last year.

Operating income (excluding comparison distortion items)

The increase in operating income during the first nine months 2008 compared to the corresponding period last year is foremost explained by a higher gross profit due to the increased volume, to some extent offset by increased sales and administration costs as well as adverse foreign exchange effects.

Operations division and Other

Operations are responsible for procurement, production and logistics. Other is referring to corporate overhead and non-core businesses.

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

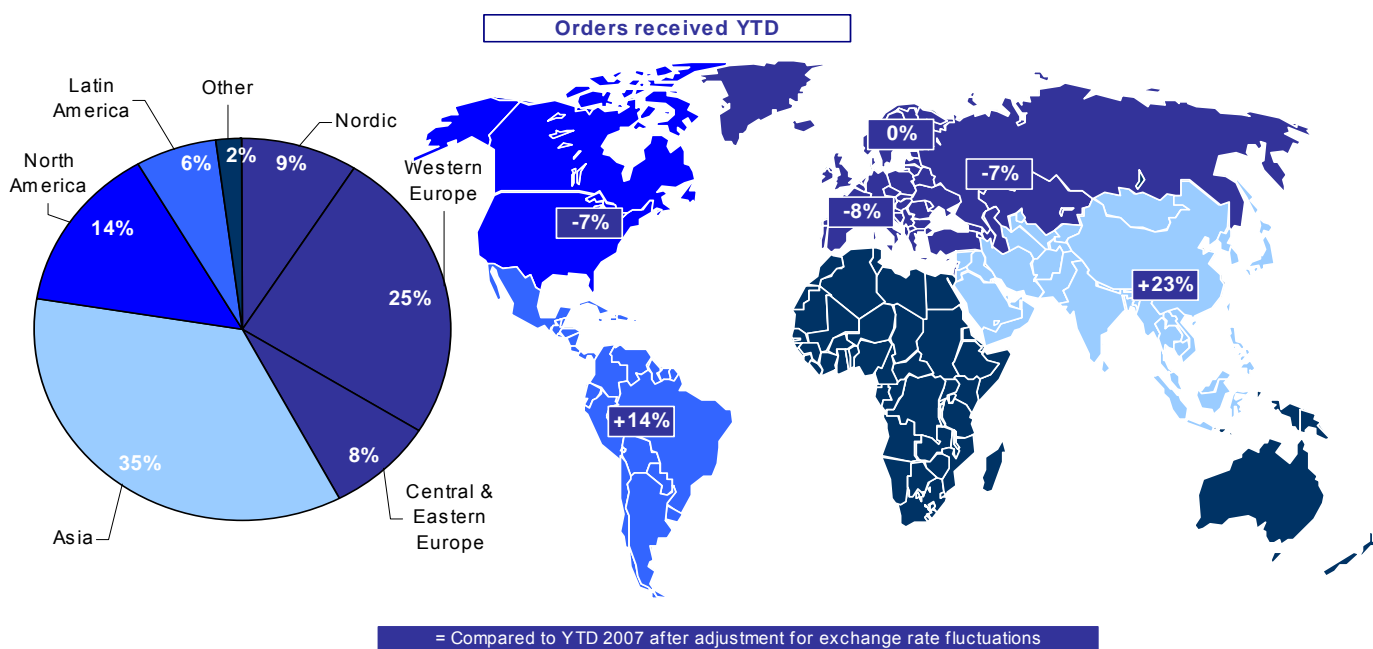
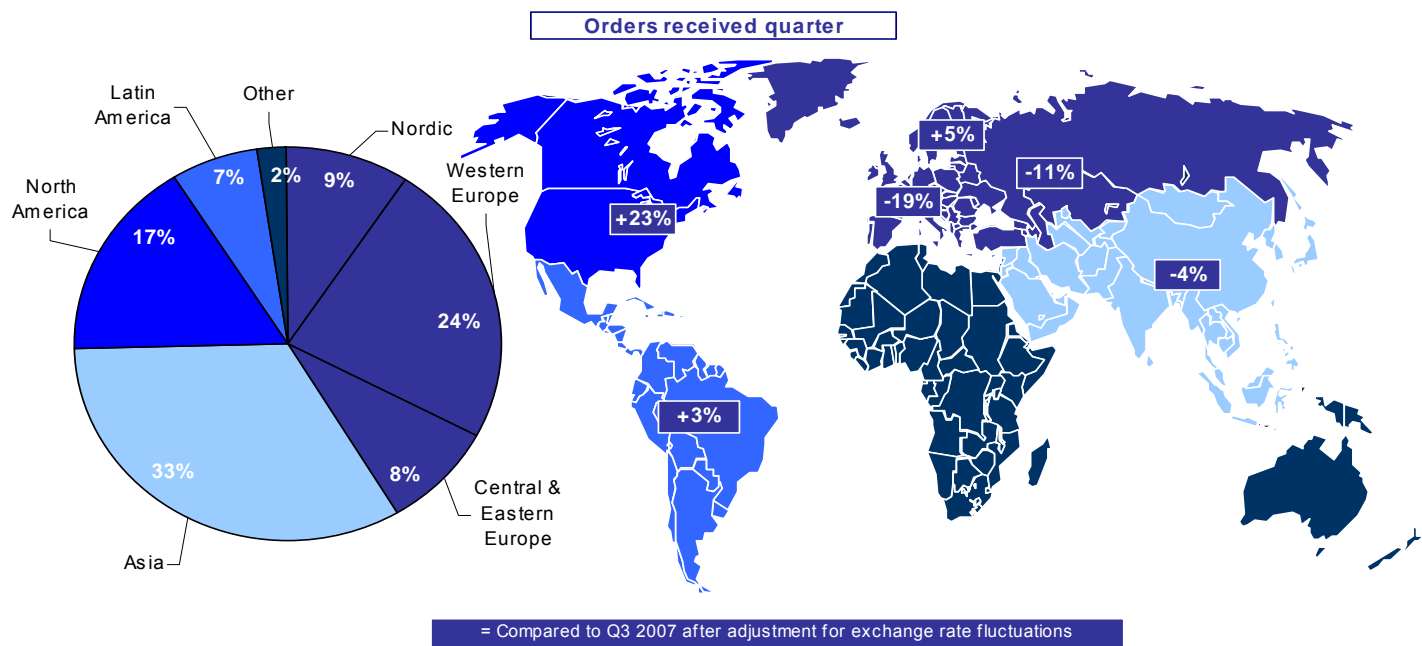
Operations division and Other

SEK millions	July 1 - Sept 30 2008	July 1 - Sept 30 2,007	Jan 1 - Sept 30 2008	Jan 1 - Sept 30 2007	Jan 1 - Dec 31 2007	Jan 1 - Dec 31 2006
Orders received	5	36	16	55	63	10
Order backlog *			24	50	49	8
Net sales	17	6	37	12	21	39
Operating income	-77	-79	-316	-359	-433	-460

* At the end of the period.

Reporting by geographical markets

The Group's secondary segments are geographical markets. All comments are after adjustment for exchange rate fluctuations.



Western Europe including Nordic

Total order intake declined substantially in the third quarter compared to the same period last year, although the Nordic area and the UK grew. The total base business* was somewhat lower in the quarter compared to the third quarter last year. The Equipment division's order intake was unchanged compared to last year with a good recovery in the OEM segment. Within the Process Technology division order intake showed a clear decline due to a lack of large orders.

Central and Eastern Europe

During the quarter Eastern European countries such as Russia and Romania continued to perform well, with large orders from the refinery and steelwork industries. For the region as whole, the quarter showed a decline, mainly due to the fact that large orders were not repeated in some of the central European countries. By segment, Refrigeration, Fluids & Utility and Energy & Environment, developed the best.

North America

The majority of the segments in the Equipment Division and the Process Technology Division reported a clear order increase compared with the third quarter last year. Best performance was seen within Energy & Environment, Comfort & Refrigeration and Parts & Service. Base orders* were also increasing. The integration process for the acquired company Standard Refrigeration is running well.

Latin America

Latin America continued to make good progress, driven by orders to the Energy & Environment, Life Science and Process Industry segments in Mexico as well as the Process Industry and Life Science segments in Brazil. In Brazil, the volume growth mainly relates to the ethanol business. Also the food industry in the country made significant investments during the quarter, leading to good growth in the Food Technology, Sanitary and Comfort & Refrigeration segments.

Asia

The order intake was down in the third quarter compared with the same period last year, mainly due to large orders that were not repeated in the Marine segment. Best overall performance was seen in the Process Technology Division, the main contributors being Process Industry and Food Technology. Parts & Service showed continued good development in the quarter. From a geographical perspective the strongest performance was seen in Korea, the Middle East, South East Asia and India.

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

CONSOLIDATED CASH-FLOW STATEMENTS	Jan 1 - Sept 30 2008	Jan 1 - Sept 30 2007	Jan 1 - Dec 31 2007	Jan 1 - Dec 31 2006
Amounts in SEK millions				
Cash flow from operating activities				
Operating income	4,248	3,067	4,691	2,552
Adjustment for depreciation	395	446	608	601
Adjustment for other non-cash items	30	23	-73	207
	<u>4,673</u>	<u>3,536</u>	<u>5,226</u>	<u>3,360</u>
Taxes paid	-1,444	-893	-1,130	-549
	<u>3,229</u>	<u>2,643</u>	<u>4,096</u>	<u>2,811</u>
Changes in working capital:				
(Increase)/decrease of receivables	-40	-941	-1,163	-1,308
(Increase)/decrease of inventories	-368	-1,022	-1,110	-725
Increase/(decrease) of liabilities	313	980	896	1,418
Increase/(decrease) of provisions	51	354	545	423
(Increase)/decrease in working capital	-44	-629	-832	-192
	<u>3,185</u>	<u>2,014</u>	<u>3,264</u>	<u>2,619</u>
Cash flow from investing activities				
Investments in fixed assets (Capex)	-454	-241	-556	-373
Divestment of fixed assets	0	30	79	19
Acquisition of businesses	-682	-736	-1,199	-1,227
Additional purchase price	-38	-	-	4
	<u>-1,174</u>	<u>-947</u>	<u>-1,676</u>	<u>-1,577</u>
Cash flow from financing activities				
Financial net, paid	-192	-166	-244	-115
Repurchase of shares	-586	-1,365	-1,497	-
Dividends to owners of parent company	-963	-698	-698	-570
Dividends to minority owners in subsidiary	-11	-18	-27	-29
(Increase)/decrease of other financial assets	-17	-35	-13	80
Capitalised financing costs, acquisition loans	-	-	-	-4
Increase/(decrease) of liabilities to credit institutions	-140	1,413	1,188	-298
	<u>-1,909</u>	<u>-869</u>	<u>-1,291</u>	<u>-936</u>
Net increase (decrease) in cash and bank	102	198	297	106
Cash and bank at the beginning of the year	856	546	546	479
Translation difference in cash and bank	18	4	13	-39
Cash and bank at the end of the period	976	748	856	546
Free cash flow per share (SEK) *	4.69	2.41	3.60	2.33
Capex in relation to sales	2.3%	1.4%	2.2%	1.9%
Average number of shares **	428,777,841	443,158,672	440,611,504	446,687,972

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

** Average number of shares has been affected by the repurchase of shares and the 4:1 split.

Cash flow from operating and investing activities amounted to SEK 2,011 (1,067) million during the first nine months 2008. As a result of increased volumes and profit the cash flow was charged with increased tax payments and build up of working capital. Depreciation, excluding allocated step-up values, was SEK 204 (191) million during the first nine months, whereas the investments were SEK 454 (241) million.

CONSOLIDATED BALANCE SHEET

Amounts in SEK millions	Sept 30 2008	Sept 30 2007	Dec 31 2007
ASSETS			
Non-current assets			
Intangible assets	6,388	5,351	5,734
Property, plant and equipment	3,131	2,521	2,824
Other non-current assets	1,283	1,123	1,133
	<u>10,802</u>	<u>8,995</u>	<u>9,691</u>
Current assets			
Inventories	5,629	4,879	5,086
Assets held for sale	-	1	-
Accounts receivable	5,420	4,991	5,049
Other receivables	2,139	1,737	2,082
Derivative assets	157	311	297
Current deposits	180	220	190
Cash and bank *	976	748	856
	<u>14,501</u>	<u>12,887</u>	<u>13,560</u>
TOTAL ASSETS	25,303	21,882	23,251
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Shareholders' equity	9,218	6,844	7,846
Minority interest	103	94	91
	<u>9,321</u>	<u>6,938</u>	<u>7,937</u>
Non-current liabilities			
Liabilities to credit institutions	2,272	2,524	2,378
Private placement	748	716	703
Provisions for pensions and similar commitments	925	915	877
Provision for deferred tax	971	912	1,090
Other provisions	420	405	409
	<u>5,336</u>	<u>5,472</u>	<u>5,457</u>
Current liabilities			
Liabilities to credit institutions	270	390	339
Accounts payable	2,337	2,247	2,522
Advances from customers	2,454	2,128	1,895
Other provisions	1,483	1,174	1,401
Other liabilities	3,787	3,384	3,478
Derivative liabilities	315	149	222
	<u>10,646</u>	<u>9,472</u>	<u>9,857</u>
Total liabilities	15,982	14,944	15,314
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	25,303	21,882	23,251

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

Cash, bank and current deposits include bank and other deposits in the publicly listed subsidiary Alfa Laval (India) Ltd of SEK 112 (64) million. The company is not a wholly owned subsidiary of the Alfa Laval Group. It is owned to 76.7 percent.

Borrowings and net debt

Consolidated SEK in millions	Sept 30 2008	Sept 30 2007	Dec 31 2007
Credit institutions	2,542	2,914	2,717
Private placement	748	716	703
Capitalised financial leases	34	34	34
Interest-bearing pension liabilities	2	2	2
Total debt	3,326	3,666	3,456
Cash, bank and current deposits	-1,156	-968	-1,046
Net debt	2,170	2,698	2,410

Alfa Laval has a senior credit facility with a banking syndicate of EUR 268 million and USD 348 million, corresponding to SEK 4,981 million. At September 30, 2008, SEK 1,775 million of the facility were utilised. The facility matures in April 2011 with another year's option until April 2012.

The private placement of USD 110 million matures in 2016.

Repurchase of shares

The Annual General Meeting 2008 and 2007 gave the Board a mandate to decide on repurchase of the company's shares – if the Board deems this appropriate – until the next Annual General Meeting. The mandates refer to repurchase of up to 5 (10) percent of the issued shares with the purpose to cancel the repurchased shares and reduce the share capital. The repurchases will be made through purchases on OMX Nordic Exchange Stockholm. The outcome of the mandates has been as follows:

Specification of repurchase of shares

Mandate from Annual General Meeting 2007:	2007			2008			
	April 1 - June 30	July 1 - Sept 30	Oct 1 - Dec 31	Jan 1 - March 31	Total	Cancelled May 27	Left to cancel *
Number of repurchased shares	1,011,969	2,246,920	343,650	1,084,200	4,686,739	-4,323,639	363,100
Corresponding number after 4:1 split	4,047,876	8,987,680	1,374,600	4,336,800	18,746,956	-17,294,556	1,452,400
Percentage of outstanding shares	0.9%	2.0%	0.3%	1.0%	4.2%	-3.9%	0.3%
Cash-out and decrease of equity in parent company and consolidated Group (SEK millions)	-426	-939	-132	-367	-1,864		
Mandate from Annual General Meeting 2008:	2008						
	April 1 - June 30	July 1 - Sept 30	Total				
Number of repurchased shares	0	2,658,900	2,658,900				
Percentage of outstanding shares *	0.0%	0.6%	0.6%				
Cash-out and decrease of equity in parent company and consolidated Group (SEK millions)	0	-219	-219				

* In relation to number of outstanding shares remaining after the cancellation.

CHANGES IN CONSOLIDATED EQUITY

Amounts in SEK millions	Jan 1 - Sept 30 2008	Jan 1 - Sept 30 2007	Jan 1 - Dec 31 2007
At the beginning of the period	7,937	6,831	6,831
Changes attributable to:			
Equity holders of the parent			
Repurchase of shares	-586	-1,365	-1,497
Increase of ownership in Alfa Laval (India) Ltd	-	56	56
Cash flow hedges	-90	4	-26
Translation difference	48	46	155
Deferred tax	51	-3	6
Net income for the period	2,912	2,091	3,137
Dividends	-963	-698	-698
Subtotal	1,372	131	1,133
Minority			
Decrease of minority in Alfa Laval (India) Ltd	-	-56	-56
Translation difference	-2	17	13
Net income for the period	25	33	43
Dividends	-11	-18	-27
Subtotal	12	-24	-27
At the end of the period	9,321	6,938	7,937

On March 11, 2008 when the notice to the Annual General Meeting was sent the number of repurchased shares was 4,323,639. The Annual General Meeting 2008 decided to cancel these repurchased shares. Cancellation of 4,323,639 shares meant that the share capital decreased with SEK 43 million. At the same time the Annual General Meeting decided to increase the share capital through a bonus issue of the same amount without issuing any shares. In this way the size of the share capital was restored and the company did not have to obtain permission from Bolagsverket or if disputed the local court to cancel the repurchased shares.

The Annual General Meeting 2008 decided to make a share split 4:1 meaning that each share would be split into 4 new shares. The split was implemented with record date June 10, 2008.

At January 1, 2008 the share capital of SEK 1,116,719,930 was divided into 111,671,993 shares. Since then the following changes have taken effect:

Specification of number of shares	Before split	Corresponding number after 4:1 split
Number of shares at January 1, 2008	111,671,993	446,687,972
Cancellation of re-purchased shares on May 27, 2008	-4,323,639	-17,294,556
Number of shares at May 31, 2008	107,348,354	429,393,416
Increase due to 4:1 split on June 10, 2008	322,045,062	
Number of shares at September 30, 2008	429,393,416	

Ownership and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 23,789 (15,278) shareholders on September 30, 2008. The largest owner is Tetra Laval B.V., the Netherlands who owns 18.4 (17.7) percent. The increase in ownership is due to the cancellation of the shares repurchased by the company. Next to the largest owner there are nine institutional investors with ownership in the range of 5.0 to 1.4 percent. These ten largest owners own 43.1 (49.2) percent of the shares.

Material factors of risk and uncertainty

The main factors of risk and uncertainty facing the Group concern the price development and availability of strategic metals, fluctuations in major currencies, the turmoil in the financial markets and when the business cycle driven downturn in the demand for the company's products comes and how deep the downturn will be. It is the company's opinion that the description of risks made in the Annual Report for 2007 is still correct.

Asbestos-related lawsuits

The Alfa Laval Group was as of September 30, 2008, named as a co-defendant in a total of 286 asbestos-related lawsuits with a total of approximately 366 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.

Purchase of businesses

On August 15, 2008 Alfa Laval acquired the US company Hutchison Hayes Separation, which is a leading provider of separation equipment, parts and services, mainly to the US energy related industries. The company's sales in 2007 were about SEK 150 million. Hutchison Hayes will operate as a separate organisation and adds a complementary channel for centrifugal separation equipment and service, primarily to the energy related industries in the US.

On July 31, 2008 Alfa Laval acquired the German company Pressko AG, which is specialized in developing and manufacturing fully welded heat exchangers. Pressko's estimated sales for 2008 are about SEK 50 million. Pressko AG will be integrated into Tranter, which is a separate organisation within the Alfa Laval Group.

On June 13, 2008 Alfa Laval acquired about 45 percent of the Swedish company Ageratec that develops innovative process solutions for the biodiesel industry. Ageratec's estimated sales 2008 are about SEK 80 million.

On June 1, 2008 Alfa Laval acquired the US company Standard Refrigeration, a leading supplier of shell-and-tube heat exchangers for a variety of refrigeration, air-conditioning and industrial applications in the North American market. In 2007 the company had sales of about SEK 220 million and some 185 employees. Standard Refrigeration will be integrated into Alfa Laval in order to capture synergies such as a wider product portfolio combined with an enhanced market presence.

On February 11, 2008 Alfa Laval acquired the Danish company Høyer Promix A/S. The company has a turnover of approximately DKK 12 million and develops, produces and markets agitators mainly for the food and pharma industry. The company will be merged into Alfa Laval Tank Equipment A/S.

Accounting principles

The third quarter interim report 2008 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). This means that the same accounting principles and accounting estimates have been applied in the third quarter interim report 2008 as for the annual report for 2007. The investment in Ageratec is consolidated under the equity method in IAS 28. The size of the company means that it is of minor significance.

Parent company

The parent company's result after financial items was SEK 2,210 (1,232) million, out of which net interests were SEK 15 (32) million, realised and unrealised exchange rate gains and losses SEK 2 (0) million, dividends from subsidiaries SEK 2,201 (1,208) million, costs related to the listing SEK -2 (-2) million, fees to the Board SEK -2 (-2) million, cost for annual report and annual general meeting SEK -3 (-3) million and other administration costs the remaining SEK -1 (-1) million.

PARENT COMPANY INCOME STATEMENT

Amounts in SEK millions	July 1 - Sept 30 2008	July 1 - Sept 30 2007	Jan 1 - Sept 30 2008	Jan 1 - Sept 30 2007	Jan 1 - Dec 31 2007	Jan 1 - Dec 31 2006
Administration costs	-1	0	-7	-7	-10	-11
Other operating costs	0	-1	-1	-1	-2	-1
Operating income/loss	-1	-1	-8	-8	-12	-12
Dividends	2,201	-	2,201	1,208	1,208	2,000
Interest income and similar result items	10	13	21	34	44	15
Interest costs and similar result items	0	-1	-4	-2	-3	-10
Result after financial items	2,210	11	2,210	1,232	1,237	1,993
Appropriation to tax allocation reserve	-	-	-	-	-378	-254
Income tax	-6	-3	-3	-7	-318	-214
Tax on received Group contribution	-	-	-	-	413	286
Net result for the year	2,204	8	2,207	1,225	954	1,811

PARENT COMPANY BALANCE SHEET

Amounts in SEK millions	Sept 30 2008	Sept 30 2007	Dec 31 2007
ASSETS			
Non-current assets			
Shares in group companies	4,669	4,669	4,669
Current assets			
Receivables on group companies	2,581	1,025	2,385
Other receivables	179	42	1
Cash and bank	-	-	-
	<u>2,760</u>	<u>1,067</u>	<u>2,386</u>
TOTAL ASSETS	7,429	5,736	7,055
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Restricted equity capital	2,387	2,387	2,387
Unrestricted equity capital	<u>4,287</u>	<u>2,968</u>	<u>3,628</u>
	6,674	5,355	6,015
Untaxed reserves			
Tax allocation reserve, taxation 2005	81	81	81
Tax allocation reserve, taxation 2006	25	25	25
Tax allocation reserve, taxation 2007	254	254	254
Tax allocation reserve, taxation 2008	<u>378</u>	<u>-</u>	<u>378</u>
	738	360	738
Current liabilities			
Liabilities to group companies	16	20	47
Accounts payable	1	1	1
Tax liabilities	-	-	254
Other liabilities	<u>0</u>	<u>-</u>	<u>-</u>
	17	21	302
TOTAL EQUITY CAPITAL AND LIABILITIES	7,429	5,736	7,055

Date for the next financial reports during 2008

The fourth quarter and full year 2008 report will be published on February 4, 2009.

Alfa Laval will publish interim reports during 2009 at the following dates:

Interim report for the first quarter	April 20
Interim report for the second quarter	July 16
Interim report for the third quarter	October 21

Nomination Committee for the Annual General Meeting 2009

In accordance with a resolution taken at the Annual General Meeting of Alfa Laval AB on April 22, 2008, the Chairman of the Board, Anders Narvinger has contacted the largest shareholders to constitute the Nomination Committee in preparation of the Annual General Meeting 2009. The following persons have thereby accepted to participate in the Nomination Committee: Jörn Rausing, Tetra Laval, Lars-Åke Bokenberger, AMF-Pension, Jan Andersson, Swedbank Robur Fonder, Lars Öhrstedt, AFA Försäkring and Bo Selling, Alecta.

The Annual General Meeting of Alfa Laval AB will be held at Olympen, Sparta, Tunavägen 39 in Lund on Monday April 20, 2009, at 16.00.

Shareholders who wish to submit proposals to 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 one of the shareholder representatives. Contact can also be made directly by e:mail to valberedningen@alfalaval.com.