

Second quarter 2009



“Sales amounted to SEK 6.7 billion, which resulted in a continued strong EBITA of SEK 1.2 billion and an operating margin of 17.4 percent. Alfa Laval generated a very strong cash flow in the quarter.

Order intake was SEK 5.2 billion, a volume decline by 9 percent compared to the first quarter 2009. The lower demand was due to a lower activity level in the economy, difficulties for our customers to get financing and postponed investment decisions.

The effects of the savings initiatives are substantial. As earlier communicated additional measures are continuously implemented, on top of the programme initiated in January, to adjust capacity and costs to current market conditions. These actions cause a one time cost of SEK 225 million in the quarter. Yearly savings from all initiated actions are estimated to about SEK 850 million.”

Lars Renström, President and CEO

Second quarter:

Order intake decreased by 37.3 percent * to SEK **5,188** (7,066) million.

Net sales decreased by 15.1 percent * to SEK **6,746** (6,855) million.

Adjusted EBITA was SEK **1,175** (1,585) million, including positive foreign exchange effects of SEK 74 million.

Adjusted EBITA-margin was **17.4** (23.1) percent.

Restructuring costs of SEK **225** million have been charged to the P&L.

Result after financial items was SEK **846** (1,456) million.

Result after tax amounted to SEK **637** (1,038) million.

Earnings per share amounted to SEK **1.49** (2.41).

Cash flow from operating activities was SEK **1,295** (1,200) million.

Six months:

Order intake decreased by 34.4 percent * to SEK **11,041** (14,499) million.

Net sales decreased by 10.3 percent * to SEK **13,669** (13,122) million.

Adjusted EBITA was SEK **2,430** (2,995) million, including positive foreign exchange effects of SEK 198 million.

Adjusted EBITA-margin was **17.8** (22.8) percent.

Restructuring costs of SEK **225** million have been charged to the P&L.

Result after financial items was SEK **1,960** (2,712) million.

Result after tax amounted to SEK **1,401** (1,936) million.

Earnings per share amounted to SEK **3.29** (4.47).

Cash flow from operating activities was SEK **2,353** (1,929) million.

* excluding exchange rate variations

Outlook for the third quarter

“We expect demand during the third quarter to be on about the same level as during the second quarter 2009.”

Earlier published outlook (April 20, 2009): “We expect demand during the second quarter to be in line with or somewhat lower than the first quarter 2009.”

Key figures SEK millions, unless otherwise stated	April 1 - June 30 2009	April 1 - June 30 2008	Jan 1 - June 30 2009	Jan 1 - June 30 2008	Jan 1 - Dec 31 2008	Jan 1 - Dec 31 2007
Order intake	5,188	7,066	11,041	14,499	27,464	27,553
Net sales	6,746	6,855	13,669	13,122	27,850	24,849
Adjusted EBITDA 1)	1,257	1,653	2,621	3,129	6,464	5,245
Adjusted EBITA 2)	1,175	1,585	2,430	2,995	6,160	4,980
Adjusted EBITA - margin 2)	17.4%	23.1%	17.8%	22.8%	22.1%	20.0%
Result after financial items	846	1,456	1,960	2,712	5,341	4,557
Return on capital employed 3)			42.5%	59.5%	53.8%	54.2%
Return on equity capital 3)			32.8%	50.8%	42.8%	44.1%
Solidity			40.1%	35.4%	36.1%	34.2%
Net debt to EBITDA, times 3)			0.4	0.4	0.3	0.5
Debt ratio, times			0.20	0.30	0.20	0.30
Cash flow from operations	1,295	1,200	2,353	1,929	4,062	3,264
Investments	108	165	198	259	747	556
No. of employees 4)			11,629	11,829	12,119	11,395

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, 2009

Anders Narvinger
Chairman

Gunilla Berg

Björn Hägglund

Arne Kastö

Ulla Litzén

Jan Nilsson

Susanna Holmqvist Norrby

Finn Rausing

Jörn Rausing

Waldemar Schmidt

Lars Renström
President and CEO

- 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.

Review report

Introduction

We have reviewed this second quarter 2009 interim report. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

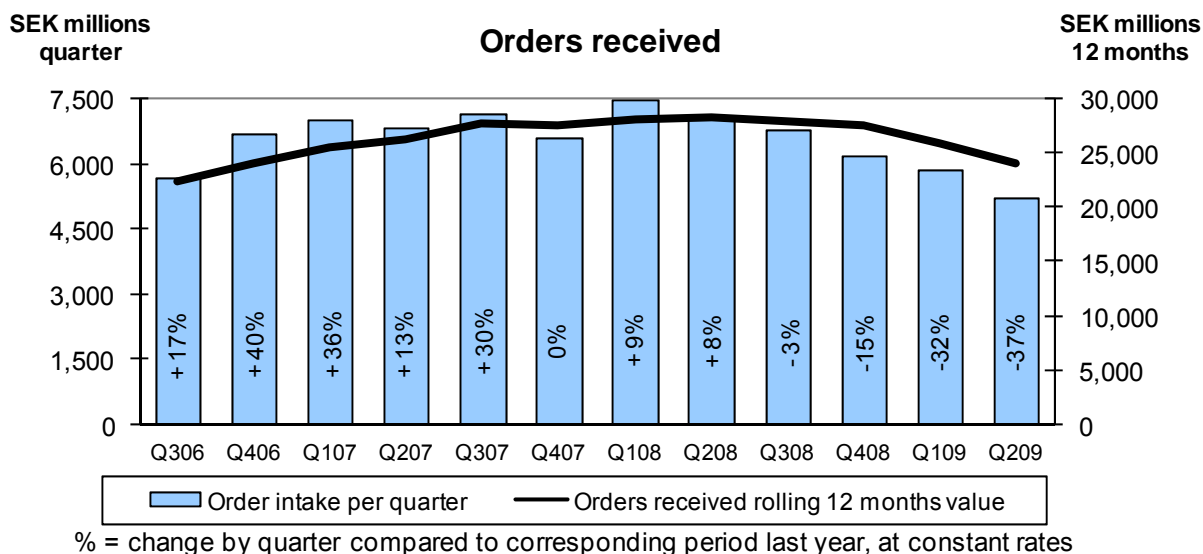
Based on our review, nothing has come to our attention that causes us to believe that the interim report, in all material respects, does not give a true and fair view of the company's results and financial position and is not prepared in accordance with IAS 34 and the Swedish Annual Accounts Act and for the Parent company in accordance with the Swedish Annual Accounts Act.

Lund, July 16, 2009,

Kerstin Mouchard
Authorised Public Accountant

Staffan Landén
Authorised Public Accountant

Management's discussion and analysis



Order analysis	April 1 - June 30
2008 (SEK millions)	7,066
Structural change	2.1%
Currency effects	10.7%
Organic development	-39.4%
Total	-26.6%
2009 (SEK millions)	5,188

Orders received amounted to SEK 5,188 (7,066) million for the second quarter. Excluding exchange rate variations, the order intake for the Group was 37.3 percent lower than the second quarter last year. Adjusted for acquisitions of businesses ⁵⁾ the corresponding figure is a decrease by 39.4 percent.

This decrease is composed of cancellations in Marine representing 1.6 percent, decrease in Marine order intake representing 12.9 percent and a decrease in order intake in all other segments representing 24.9 percent. In this respect it must be noted that the order intake for the second quarter 2008 was still on a very high level. Compared to the first quarter 2009 the decrease is 9.1 percent excluding exchange rate variations and 9.5 percent if also acquisitions of businesses are excluded.

Orders received amounted to SEK 11,041 (14,499) million for the first six months. Excluding exchange rate variations, the order intake for the Group was 34.4 percent lower than the same period last year. Adjusted for acquisitions of businesses ⁵⁾, the corresponding figure is a decrease by 36.6 percent.

Orders received from the aftermarket "Parts & Service" decreased by 13.7 percent compared to last year excluding exchange rate variations. Orders received for Parts & Service was on the same level in the second quarter as in the first quarter. Its relative share of the Group's total orders received was 28.1 (21.1) percent.

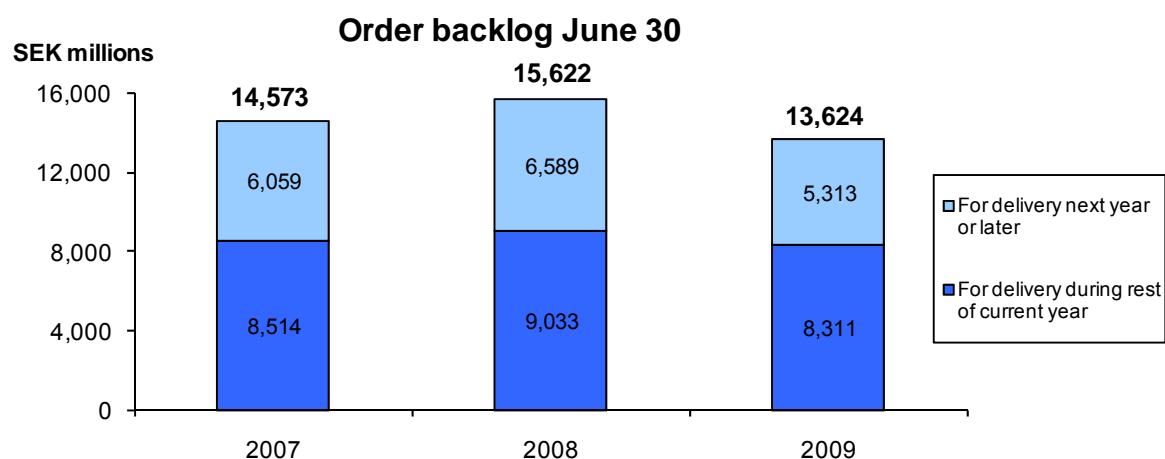
Large orders ⁶⁾ in the second quarter:

During the second quarter 2009 Alfa Laval received large orders for SEK 105 (210) million:

- An US order for membranes and heat exchangers to concentrate enzymes for production of starch-based ethanol. The order value is about SEK 50 million and delivery is scheduled for 2010.
- Orders for Alfa Laval Packinox heat exchangers from Petrobras in Brazil. The order value is about SEK 55 million and delivery is scheduled for 2011.

5. Acquired businesses are: HES at February 1, 2009, Onnuri Industrial Machinery at January 16, 2009, two providers of parts and service at January 14, 2009, Hutchison Hayes Separation at August 15, 2008, Pressko at July 31, 2008, Standard Refrigeration at June 1, 2008, Høyer Promix at February 11, 2008

6. Orders with a value over EUR 5 million.



The order backlog at June 30, 2009 was SEK 13,624 (15,622) million. Excluding exchange rate variations and adjusted for acquisitions of businesses the order backlog was 25.5 percent lower than the order backlog at June 30, 2008 and 16.0 percent lower than the order backlog at the end of 2008.

CONSOLIDATED COMPREHENSIVE INCOME

Amounts in SEK millions	April 1 - June 30 2009	April 1 - June 30 2008	Jan 1 - June 30 2009	Jan 1 - June 30 2008	Jan 1 - Dec 31 2008	Jan 1 - Dec 31 2007
Net sales	6,746	6,855	13,669	13,122	27,850	24,849
Cost of goods sold	-4,281	-3,922	-8,612	-7,579	-16,481	-15,340
Gross profit	2,465	2,933	5,057	5,543	11,369	9,509
Sales costs	-833	-785	-1,651	-1,526	-3,194	-2,751
Administration costs	-312	-328	-610	-598	-1,239	-1,159
Research and development costs	-165	-178	-331	-340	-718	-643
Other operating income *	110	61	187	120	522	362
Other operating costs *	-393	-170	-601	-337	-1,004	-627
Operating income	872	1,533	2,051	2,862	5,736	4,691
Dividends	1	0	2	1	2	2
Interest income and financial exchange gains	106	-8	254	66	397	271
Interest expense and financial exchange losses	-133	-69	-347	-217	-794	-407
Result after financial items	846	1,456	1,960	2,712	5,341	4,557
Taxes	-209	-418	-559	-776	-1,534	-1,377
Net income for the period	637	1,038	1,401	1,936	3,807	3,180
Other comprehensive income:						
Cash flow hedges	362	-122	156	47	-580	-26
Translation difference	-21	-54	-179	-275	850	168
Deferred tax on other comprehensive income	-112	35	-53	3	228	6
Comprehensive income for the period	866	897	1,325	1,711	4,305	3,328
Net income attributable to:						
Equity holders of the parent	630	1,030	1,388	1,920	3,774	3,137
Minority interests	7	8	13	16	33	43
Earnings per share (SEK)	1.49	2.41	3.29	4.47	8.83	7.12
Average number of shares **	422,039,466	427,941,016	422,039,466	429,578,668	427,500,307	440,611,504
Comprehensive income attributable to:						
Equity holders of the parent	865	908	1,305	1,702	4,261	3,272
Minority interests	1	-11	20	9	44	56

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

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

Excluding exchange rate variations, the invoicing was 15.1 percent lower than the second quarter last year. Adjusted for acquisitions of businesses the corresponding figure is a decrease by 18.1 percent.

Excluding exchange rate variations, the invoicing was 10.3 percent lower than the period January to June last year. Adjusted for acquisitions of businesses, the corresponding figure is a decrease by 13.3 percent.

Sales and administration expenses amounted to SEK 2,261 (2,124) million for the first six months. Adjusted for exchange rate variations and acquisitions of businesses, sales and administration expenses were 9.2 percent lower than last year.

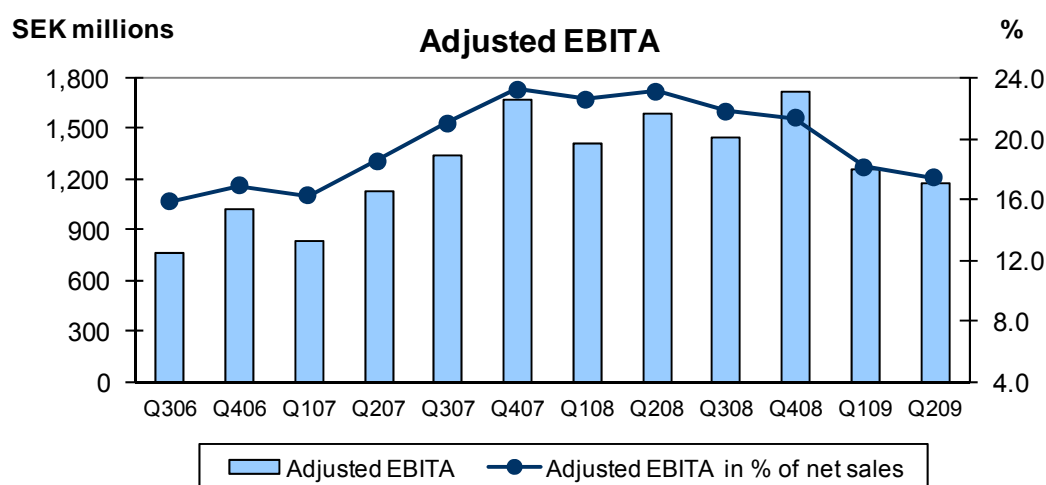
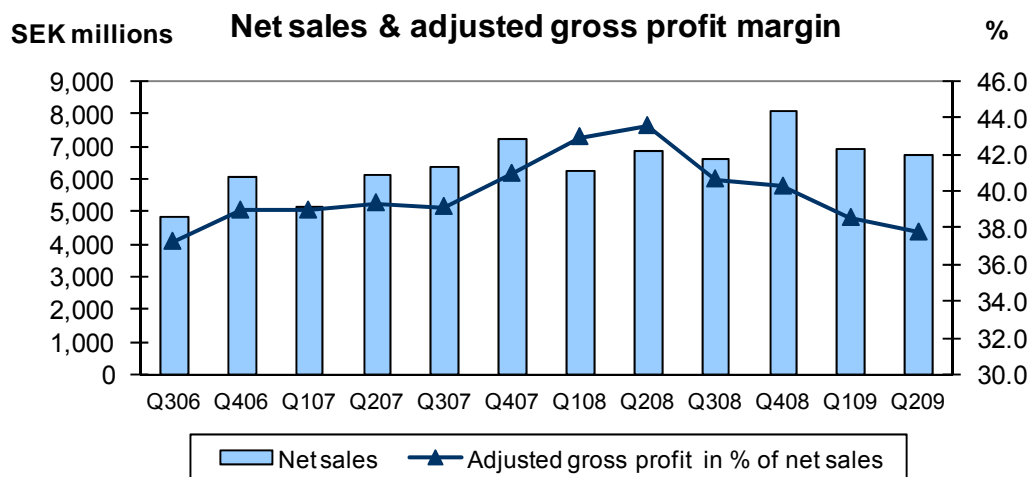
The costs for research and development have amounted to SEK 331 (340) million for the first six months, corresponding to 2.4 (2.6) percent of net sales. Adjusted for exchange rate variations and acquisitions of businesses, the costs for research and development have decreased by 8.8 percent compared to last year.

Income statement analysis

SEK millions	April 1 - June 30 2009	April 1 - June 30 2008	Jan 1 - June 30 2009	Jan 1 - June 30 2008	Jan 1 - Dec 31 2008	Jan 1 - Dec 31 2007
Net sales	6,746	6,855	13,669	13,122	27,850	24,849
Adjusted gross profit *	2,543	2,985	5,211	5,676	11,625	9,852
<i>- in % of net sales</i>	37.7	43.5	38.1	43.3	41.7	39.6
Expenses **	-1,286	-1,332	-2,590	-2,547	-5,161	-4,607
<i>- in % of net sales</i>	19.1	19.4	18.9	19.4	18.5	18.5
Adjusted EBITDA	1,257	1,653	2,621	3,129	6,464	5,245
<i>- in % of net sales</i>	18.6	24.1	19.2	23.8	23.2	21.1
Depreciation	-82	-68	-191	-134	-304	-265
Adjusted EBITA	1,175	1,585	2,430	2,995	6,160	4,980
<i>- in % of net sales</i>	17.4	23.1	17.8	22.8	22.1	20.0
Amortisation of step up values	-78	-52	-154	-133	-256	-343
Comparison distortion items	-225	-	-225	-	-168	54
EBIT	872	1,533	2,051	2,862	5,736	4,691

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

The adjusted result after tax and the minority's share of the result, excluding depreciation of step-up values and the corresponding tax, is SEK 3.55 (4.68) per share.



Comparison distortion items

Amounts in SEK millions	April 1 - June 30 2009	April 1 - June 30 2008	Jan 1 - June 30 2009	Jan 1 - June 30 2008	Jan 1 - Dec 31 2008	Jan 1 - Dec 31 2007
Operational						
Other operating income	110	61	187	120	420	308
Comparison distortion income	-	-	-	-	102	54
Total other operating income	110	61	187	120	522	362
Other operating costs	-168	-170	-376	-337	-734	-627
Comparison distortion costs	-225	-	-225	-	-270	-
Total other operating costs	-393	-170	-601	-337	-1,004	-627

The operating income has been affected by comparison distortion items of SEK -225 (-) million. In the income statement these are reported gross as a part of other operating income and other operating costs. The costs for the ongoing restructuring programme have amounted to SEK -225 (-) million during the quarter, see further comments below.

Update on measures to adjust capacity and costs

During the second quarter the measures to adjust capacity and costs to the decreased demand continued. The costs for the measures have been calculated to SEK 225 million and are reported as a comparison distortion item in the quarter. As a result the costs will decrease corresponding to a reduction of another 700 full time equivalents

(FTSs). Together with the measures communicated on January 12, 2009 the personnel resources will thus be reduced equivalent to the costs for 1,700 FTEs compared to September 2008. The reduction will partly be implemented through work sharing. As per June 30, 2009 a reduction equivalent to about 900 FTEs has been completed. For the personnel reductions and other saving measures communicated in January full effect is estimated to be achieved from the fourth quarter 2009. For the additional measures initiated during the second quarter full effect is expected to be achieved from the first quarter 2010. Altogether the measures are estimated to give yearly savings in the order of SEK 850 million. During the second quarter 2009 a saving of approximately SEK 170 million was achieved.

Consolidated financial result and taxes

The financial net has amounted to SEK -107 (-89) 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 -35 (-41) million, interest on the private placement of SEK -21 (-18) million and a net of dividends and other interest income and interest costs of SEK -51 (-30) million. The net of realised and unrealised exchange rate differences amounts to SEK 16 (-61) million.

Operating segments

Alfa Laval's business is divided into the two business divisions "Equipment" and "Process Technology" that sell to external customers and one division "Other" covering procurement, production and logistics as well as corporate overhead and non-core businesses. These three divisions constitute Alfa Laval's three operating segments.

The business divisions (operating segments) are in turn split into a number of customer segments. The customers to the Equipment division purchase products whereas the customers to the Process Technology division purchase solutions for processing applications. The Equipment division consists of six customer segments: Comfort & Refrigeration, Fluids & Utility Equipment, Marine & Diesel, OEM (Original Equipment Manufacturers), Sanitary Equipment and the aftermarket segment Parts & Service. The Process Technology division consists of five customer segments: Energy & Environment, Food Technology, Life Science, Process Industry and the aftermarket segment Parts & Service.

The operating segments are only responsible for the result down to and including operating income excluding comparison distortion items and for the operating capital they are managing. This means that financial assets and liabilities, pension assets, provisions for pensions and similar commitments and current and deferred tax assets and liabilities are a Corporate responsibility and not an operating segment responsibility. This also means that the financial net and income taxes are a Corporate responsibility and not an operating segment responsibility.

The operating segments are only measured based on their transactions with external parties.

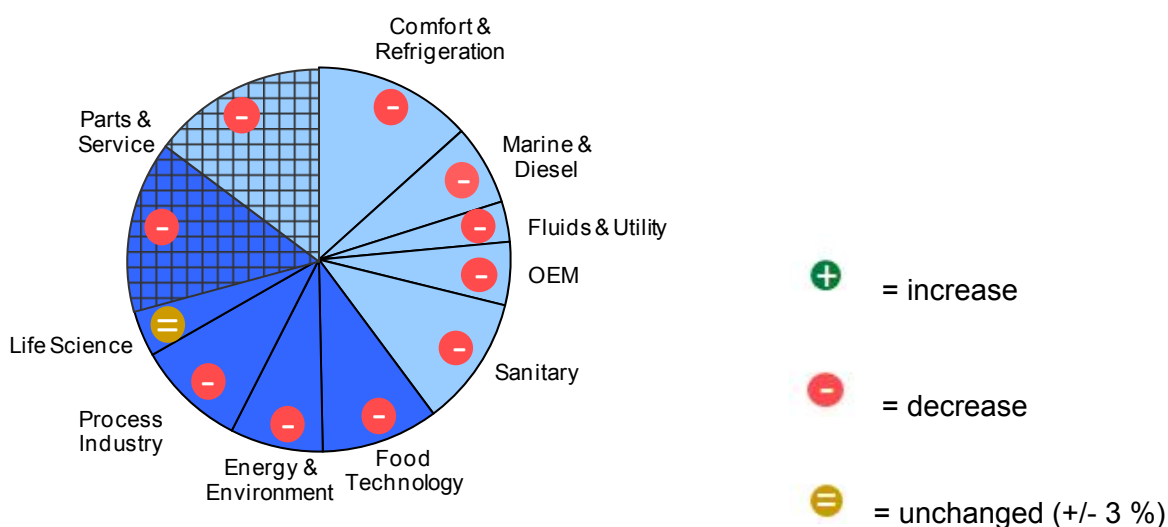
Consolidated	Orders received					
	April 1 - June 30 2009	April 1 - June 30 2008	Jan 1 - June 30 2009	Jan 1 - June 30 2008	Jan 1 - Dec 31 2008	Jan 1 - Dec 31 2007
SEK in millions						
Equipment	2,886	4,309	6,229	8,505	15,804	15,896
Process Technology	2,278	2,750	4,795	5,983	11,636	11,594
Other	24	7	17	11	24	63
Total	5,188	7,066	11,041	14,499	27,464	27,553

Excluding exchange rate variations, orders received for Equipment decreased by 36.7 percent and net sales decreased by 11.2 percent during the first six months 2009 compared to the corresponding period last year. Adjusted for acquisitions of businesses, the corresponding figures are a decrease by 39.5 percent and 14.2 percent respectively.

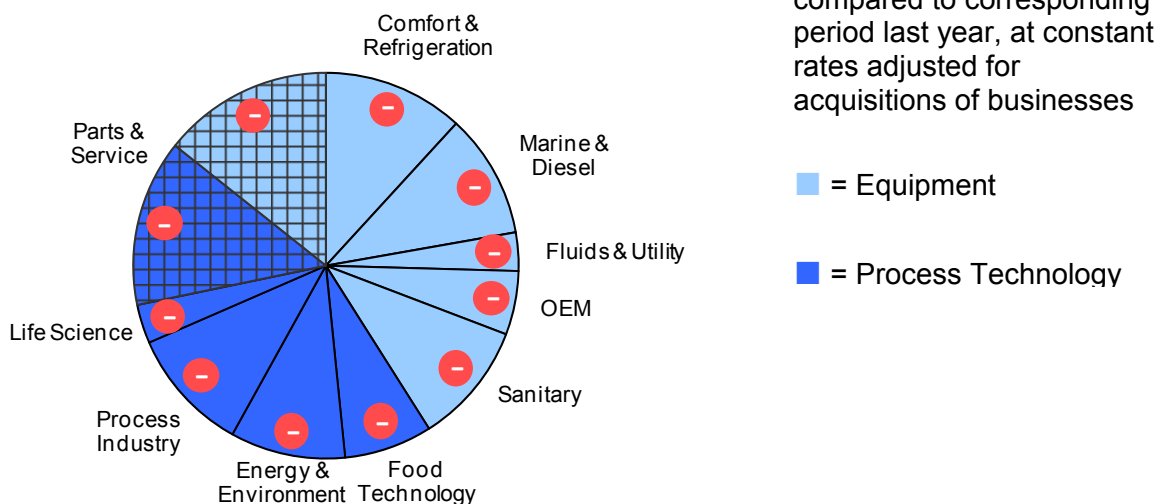
Excluding exchange rate variations, orders received for Process Technology decreased by 31.3 percent and net sales decreased by 9.0 percent during the first six months 2009 compared to the corresponding period last year. Adjusted for acquisitions of businesses, the corresponding figures are a decrease by 32.5 percent and 12.0 percent respectively.

In order to analyze the underlying changes an analysis on customer segment level is found below.

Orders received by customer segment Q2 2009



Orders received by customer segment YTD 2009



Equipment *(all comments are after adjustment for exchange rate fluctuations)*

Orders dropped in the second quarter compared with the same quarter last year, mainly as a result of the global economic development, which continued to affect all markets and industries. The decline was more pronounced in Marine & Diesel and less in Sanitary and Parts & Service. The latter segment remained resilient, however, not unaffected by the business environment with upgrading investments declining as

operators continued to minimize all outgoing cash flow. Order cancellations in the Marine segment were on about the same level as in the first quarter.

Compared with the first quarter project orders supported Comfort & Refrigeration and Sanitary, which both outperformed their first-quarter development. At the same time activity remained on a high level among the OEMs that produce heat pumps and among system-builders.

Process Technology *(all comments are after adjustment for exchange rate fluctuations)*

There was an overall decline in the second quarter versus the same quarter last year. The base business* showed a more moderate decline than the average and was on the same level as in the first quarter. Large contracts on the other hand dropped more than the average. The decline was especially pronounced in the Process Industry segment. Oil & gas showed a similar negative trend – a direct reflection of the investment reductions and/or freezes, announced in the respective industries. Environment grew in the quarter due to a continued strong demand for waste-water treatment solutions. Further, Life Science was overall in line with last year, with a strong development in the biotech sector, primarily in the US. Parts & Service declined compared to the same quarter last year, mainly due to a drop in parts sales. The downturn was partly due to short-term capacity closures at major customers, particularly in the petrochemical and process-related industries. Another negative factor was the halt of preventive maintenance. Comparing the second quarter with the first, even though slightly lower on a total level, there was a strong recovery in Food Technology, with the exception of Brewery. Vegetable Oil Technology had a positive development, with investments returning, partly due to higher commodity prices.

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

Consolidated	Net sales					
	April 1 - June 30 2009	April 1 - June 30 2008	Jan 1 - June 30 2009	Jan 1 - June 30 2008	Jan 1 - Dec 31 2008	Jan 1 - Dec 31 2007
SEK in millions						
Equipment	3,781	3,886	7,701	7,509	15,657	13,586
Process Technology	2,959	2,956	5,962	5,593	12,143	11,242
Other	6	13	6	20	50	21
Total	6,746	6,855	13,669	13,122	27,850	24,849

The orders received and the net invoicing during the period have resulted in the following order backlog:

Consolidated	Order backlog			
	June 30 2009	June 30 2008	Dec 31 2008	Dec 31 2007
SEK in millions				
Equipment	7,472	8,575	7,926	7,915
Process Technology	6,120	7,011	6,365	6,766
Other	32	36	19	49
Total	13,624	15,622	14,310	14,730

Consolidated	Operating income					
	April 1 - June 30 2009	April 1 - June 30 2008	Jan 1 - June 30 2009	Jan 1 - June 30 2008	Jan 1 - Dec 31 2008	Jan 1 - Dec 31 2007
SEK in millions						
Equipment	650	991	1,344	1,857	3,602	2,866
Process Technology	474	698	1,042	1,318	2,756	2,312
Other	-23	-130	-77	-240	-395	-433
Subtotal	1,101	1,559	2,309	2,935	5,963	4,745
Comparison distortion items	-225	0	-225	-	-168	54
Consolidation adjustments *	-4	-26	-33	-73	-59	-108
Total	872	1,533	2,051	2,862	5,736	4,691

* Difference between management accounts and IFRS

The decrease in operating income for both Equipment and Process Technology during the second quarter 2009 compared to the corresponding period last year is mainly explained by a lower gross profit due to decreased margins, partially offset by positive foreign exchange effects.

Consolidated	Assets			Liabilities		
	June 30 2009	June 30 2008	Dec 31 2008	June 30 2009	June 30 2008	Dec 31 2008
SEK in millions						
Equipment	8,866	7,325	8,808	1,787	1,716	1,935
Process Technology	8,470	7,262	9,129	4,804	4,341	4,854
Other	5,423	5,720	6,149	2,080	2,229	2,980
Subtotal	22,759	20,307	24,086	8,671	8,286	9,769
Corporate	4,149	3,190	4,946	7,440	6,903	8,770
Total	26,908	23,497	29,032	16,111	15,189	18,539

Consolidated	Depreciation					
	April 1 - June 30 2009	April 1 - June 30 2008	Jan 1 - June 30 2009	Jan 1 - June 30 2008	Jan 1 - Dec 31 2008	Jan 1 - Dec 31 2007
SEK in millions						
Equipment	31	25	86	67	134	168
Process Technology	38	18	74	49	107	151
Other	91	77	185	151	319	289
Total	160	120	345	267	560	608

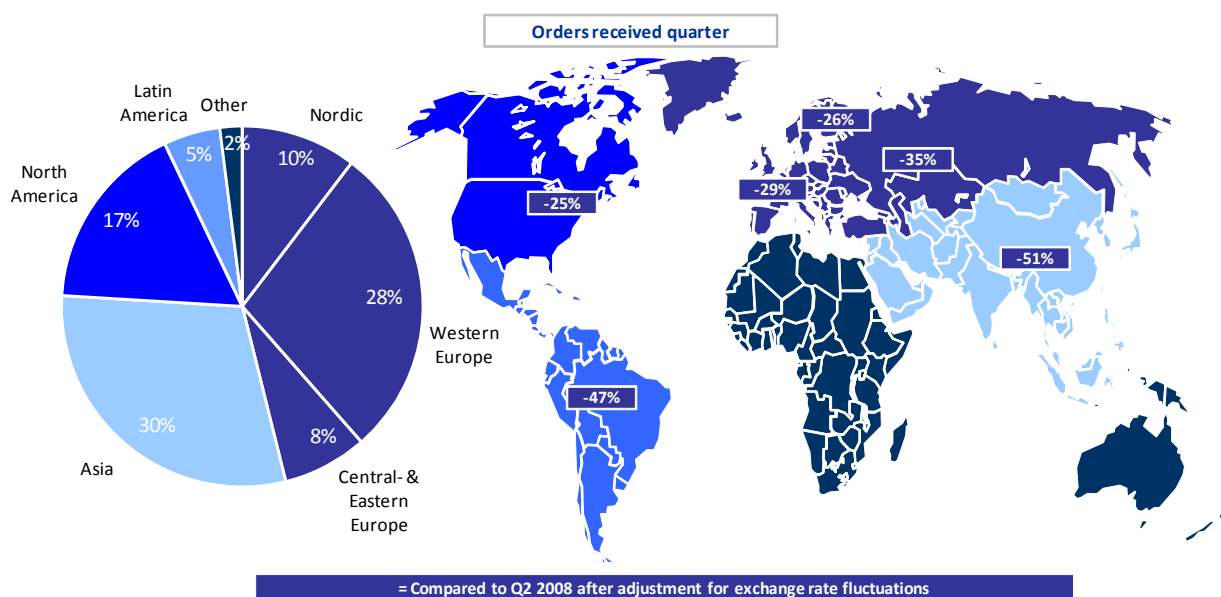
Consolidated	Investments					
	April 1 - June 30 2009	April 1 - June 30 2008	Jan 1 - June 30 2009	Jan 1 - June 30 2008	Jan 1 - Dec 31 2008	Jan 1 - Dec 31 2007
SEK in millions						
Equipment	8	20	24	30	87	52
Process Technology	29	39	67	58	215	75
Other	71	106	107	171	445	429
Total	108	165	198	259	747	556

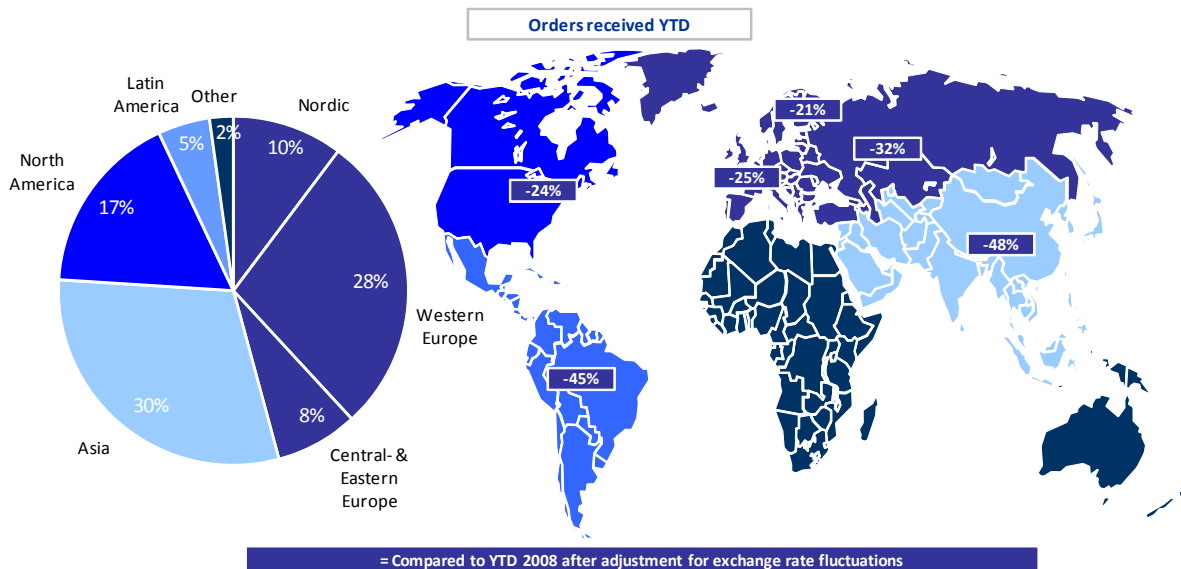
Information about products and services

Consolidated	Net sales by product/service					
	April 1 - June 30 2009	April 1 - June 30 2008	Jan 1 - June 30 2009	Jan 1 - June 30 2008	Jan 1 - Dec 31 2008	Jan 1 - Dec 31 2007
SEK in millions						
Own products within:						
Separation	1,779	1,552	3,425	2,938	6,391	5,558
Heat transfer	3,569	4,034	7,401	7,733	16,023	14,198
Fluid handling	606	598	1,236	1,227	2,426	2,554
Other	167	75	316	118	349	306
Associated products	314	334	691	618	1,553	1,287
Services	311	262	600	488	1,108	946
Total	6,746	6,855	13,669	13,122	27,850	24,849

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

Information about geographical areas





All comments are after adjustment for exchange rate fluctuations.

Western Europe including Nordic

Order intake dropped considerably in the second quarter, across the region, compared to the same period last year. All segments with the exception of Life Science showed a decline. Compared with the first quarter, order intake for both capital goods and Parts & Service was on a slightly lower level.

Central and Eastern Europe

The second quarter showed an overall weak development, with a decline in both large orders and the base business*. Orders dropped in most countries. The segments were also generally lower, however Energy & Environment and Food Technology increased compared to the corresponding quarter last year. Both segments reported a good order intake in Russia, Turkey and South East Europe.

North America

Orders received decreased substantially during the second quarter compared to the same quarter last year. All segments showed a decline with the exception of Comfort & Refrigeration and Life Science. Second quarter order intake in the U.S. was on about the same level as in the first quarter.

Latin America

Order intake in Latin America showed a major decline, driven by lower demand across countries and segments. All countries reported a drop in orders received, except Mexico which saw a strong development due to a good order intake for Refinery in the Process Industry segment. Brazil in general reported a lower order intake, but Marine & Diesel grew compared with the same period last year and the order intake for Refinery was also on a good level. Compared with the first quarter the region reported an unchanged level of order intake.

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

Asia

The region experienced an overall drop in order intake in the second quarter compared to the corresponding period last year, mainly due to a continued weak development in the marine industry. Still, some segments had a strong development in the period. Both Sanitary and Food Technology performed well in China and South East Asia. Other segments to do well in the Chinese market were Life Science and Refrigeration.

Consolidated	Net sales					
	April 1 - June 30 2009	April 1 - June 30 2008	Jan 1 - June 30 2009	Jan 1 - June 30 2008	Jan 1 - Dec 31 2008	Jan 1 - Dec 31 2007
SEK in millions						
To customers in:						
Sweden	201	235	409	452	961	987
Other EU	2,095	2,302	4,075	4,614	9,339	9,112
Other Europe	473	640	976	1,161	2,402	2,223
USA	1,198	803	2,275	1,613	3,680	3,680
Other North America	138	171	260	317	711	420
Latin America	313	461	741	854	1,711	1,258
Africa	71	42	136	90	229	177
China	676	827	1,382	1,400	2,935	2,051
Other Asia	1,507	1,270	3,275	2,441	5,467	4,611
Oceania	74	104	140	180	415	330
Total	6,746	6,855	13,669	13,122	27,850	24,849

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 2009	June 30 2008	Dec 31 2008	Dec 31 2007
SEK in millions				
Sweden	1,757	2,124	1,780	1,706
Other EU	4,933	3,849	4,769	3,950
Other Europe	390	169	174	174
USA	2,114	1,035	2,258	1,154
Other North America	123	108	116	121
Latin America	146	111	105	101
Africa	1	1	1	2
Asia	1,924	1,158	1,557	1,278
Oceania	87	83	77	82
Subtotal	11,475	8,638	10,837	8,568
Pension assets	123	99	140	106
Deferred tax asset	1,390	1,072	1,218	1,012
Total	12,988	9,809	12,195	9,686

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 about 4 percent of net sales.

CONSOLIDATED CASH FLOWS

Amounts in SEK millions	Jan 1 - June 30 2009	Jan 1 - June 30 2008	Jan 1 - Dec 31 2008
Cash flow from operating activities			
Operating income	2,051	2,862	5,736
Adjustment for depreciation	345	267	560
Adjustment for other non-cash items	-47	30	-879
	<u>2,349</u>	<u>3,159</u>	<u>5,417</u>
Taxes paid	-790	-1,062	-1,868
	<u>1,559</u>	<u>2,097</u>	<u>3,549</u>
Changes in working capital:			
(Increase)/decrease of current receivables	1,204	-244	87
(Increase)/decrease of inventories	700	-155	-192
Increase/(decrease) of liabilities	-1,220	104	264
Increase/(decrease) of provisions	110	127	354
(Increase)/decrease in working capital	794	-168	513
	<u>2,353</u>	<u>1,929</u>	<u>4,062</u>
Cash flow from investing activities			
Investments in fixed assets (Capex)	-198	-259	-747
Divestment of fixed assets	0	0	140
Acquisition of businesses	-1,138	-428	-726
	<u>-1,336</u>	<u>-687</u>	<u>-1,333</u>
Cash flow from financing activities			
Received interests and dividends	16	65	219
Paid interests	-181	-113	-266
Realised financial exchange differences	-23	-15	-245
Repurchase of shares	-	-367	-766
Dividends to owners of parent company	-950	-963	-963
Dividends to minority owners in subsidiary	-6	-10	-20
(Increase)/decrease of other financial assets	328	-119	-380
Increase/(decrease) of liabilities to credit institutions	-122	269	-178
	<u>-938</u>	<u>-1,253</u>	<u>-2,599</u>
Net increase (decrease) in cash and bank	79	-11	130
Cash and bank at the beginning of the year	1,083	856	856
Translation difference in cash and bank	-6	-27	97
Cash and bank at the end of the period	1,156	818	1,083
Free cash flow per share (SEK) *	2.41	2.89	6.38
Capex in relation to sales	1.4%	2.0%	2.7%
Average number of shares **	422,039,466	429,578,668	427,500,307

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

** Average number of shares has been affected by repurchase of shares.

During the first six months 2009 cash flows from operating and investing activities were burdened by the large acquisitions of businesses but still amounted to SEK 1,017 (1,242) million. Depreciation, excluding allocated step-up values, was SEK 191 (134) million during the first six months, whereas the investments were SEK 198 (259) million.

CONSOLIDATED FINANCIAL POSITION

Amounts in SEK millions	June 30 2009	June 30 2008	Dec 31 2008
ASSETS			
Non-current assets			
Intangible assets	7,917	5,755	7,273
Property, plant and equipment	3,551	2,855	3,546
Other non-current assets	1,520	1,199	1,376
	<u>12,988</u>	<u>9,809</u>	<u>12,195</u>
Current assets			
Inventories	5,240	5,119	5,972
Accounts receivable	4,967	5,337	5,706
Other receivables	1,950	1,924	2,941
Derivative assets	362	241	591
Other current deposits	245	249	544
Cash and bank *	1,156	818	1,083
	<u>13,920</u>	<u>13,688</u>	<u>16,837</u>
TOTAL ASSETS	<u>26,908</u>	<u>23,497</u>	<u>29,032</u>
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Shareholders' equity	10,733	8,218	10,378
Minority interest	64	90	115
	<u>10,797</u>	<u>8,308</u>	<u>10,493</u>
Non-current liabilities			
Liabilities to credit institutions	2,333	2,398	2,538
Private placement	841	653	856
Provisions for pensions and similar commitments	973	853	990
Provision for deferred tax	1,187	983	1,161
Other provisions	439	420	403
	<u>5,773</u>	<u>5,307</u>	<u>5,948</u>
Current liabilities			
Liabilities to credit institutions	293	465	247
Accounts payable	1,913	2,329	2,700
Advances from customers	2,164	2,210	2,444
Other provisions	1,952	1,432	1,849
Other liabilities	3,522	3,285	4,142
Derivative liabilities	494	161	1,209
	<u>10,338</u>	<u>9,882</u>	<u>12,591</u>
Total liabilities	16,111	15,189	18,539
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	<u>26,908</u>	<u>23,497</u>	<u>29,032</u>

* 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 131 (67) million. The company is not a wholly owned subsidiary of the Alfa Laval Group. It is owned to 88.8 (76.7) percent.

Borrowings and net debt

Consolidated SEK in millions	June 30 2009	June 30 2008	Dec 31 2008
Credit institutions	2,626	2,863	2,785
Private placement	841	653	856
Capitalised financial leases	53	33	58
Interest-bearing pension liabilities	2	2	2
Total debt	3,522	3,551	3,701
Cash, bank and current deposits	-1,401	-1,067	-1,627
Net debt	2,121	2,484	2,074

Alfa Laval has a senior credit facility with a banking syndicate of EUR 268 million and USD 348 million, corresponding to SEK 5,548 million. At June 30, 2009, SEK 1,960 million of the facility were utilised. The facility matures in April 2012.

The private placement of USD 110 million matures in 2016.

CHANGES IN CONSOLIDATED EQUITY

Amounts in SEK millions	Jan 1 - June 30 2009	Jan 1 - June 30 2008	Jan 1 - Dec 31 2008
At the beginning of the period	10,493	7,937	7,937
Changes attributable to:			
Equity holders of the parent			
Comprehensive income			
Comprehensive income for the period	1,305	1,702	4,261
Transactions with shareholders			
Repurchase of shares	-	-367	-766
Dividends	-950	-963	-963
	-950	-1,330	-1,729
Subtotal	355	372	2,532
Minority			
Comprehensive income			
Comprehensive income for the period	20	9	44
Transactions with shareholders			
Decrease of minority in Alfa Laval (India) Ltd	-65	-	-
Dividends	-6	-10	-20
	-71	-10	-20
Subtotal	-51	-1	24
At the end of the period	10,797	8,308	10,493

Cancellation of repurchased shares and a corresponding bonus issue

On March 19, 2009 when the notice to the Annual General Meeting was sent the number of repurchased shares was 7,353,950. The Annual General Meeting 2009 decided to cancel these repurchased shares. Cancellation of these shares means that the share capital will decrease with SEK 19 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. This means that the number of shares has developed as follows:

Specification of number of shares	Number
Shares at December 31, 2008	429,393,416
Cancellation of re-purchased shares	<u>-7,353,950</u>
Shares at June 30, 2009	<u>422,039,466</u>

Ownership and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 31,582 (21,404) shareholders on June 30, 2009. The largest owner is Tetra Laval B.V., the Netherlands who owns 18.7 (18.4) 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 7.6 to 1.4 percent. These ten largest shareholders own 48.4 (37.6) percent of the shares.

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, the turmoil in the financial markets and how deep the business cycle driven downturn in the demand for the company's products will be. It is the company's opinion that the description of risks made in the Annual Report for 2008 is still correct.

Asbestos-related lawsuits

The Alfa Laval Group was as of June 30, 2009, named as a co-defendant in a total of 359 asbestos-related lawsuits with a total of approximately 492 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

The public offer to purchase an additional 13 percent of Alfa Laval (India) Ltd opened on January 14, 2009 and closed on February 2, 2009. The initial offer of 950 rupees per share was raised to 1,000 rupees per share on January 20, 2009. The result of the offer was that owners of almost 2.2 million shares corresponding to approximately 12 percent of the total number of shares accepted to sell their shares. This means that the ownership in the Indian subsidiary has increased from 76.7 percent to 88.8 percent. The total cost for the acquisition was SEK 376 million. Alfa Laval has been present in India since 1937. During 2008 Alfa Laval (India) Ltd. had an order intake of SEK 1,030 million and an average of 1,190 employees.

On February 1, 2009 Alfa Laval acquired HES GmbH Heat Exchanger Systems in Germany, a company with focus on spiral heat exchangers mainly to the process industry. The company had sales of about SEK 85 million in 2008 and some 45 employees and will be integrated into Tranter.

On January 16, 2009 Alfa Laval acquired Onnuri Industrial Machinery Co., Ltd., a South Korean system provider to the shipbuilding and diesel power markets. The company had sales of about SEK 150 million in 2008 and some 40 employees. Onnuri will remain a separate company as it will continue to offer its own systems under the Onnuri brand.

On January 14, 2009 Alfa Laval announced that it had acquired one company and signed an agreement to acquire another, both major providers of parts and service for a variety of products, applications and geographical areas. The combined sales during 2008 were about SEK 300 million. Both companies will remain separate organisations as they continue to offer their own products and services to the industry, under their own brands. One company is consolidated in the Alfa Laval Group from January 1, 2009 and the other company from January 30, 2009.

Accounting principles

The second quarter interim report 2009 report 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. This means that the same accounting principles and accounting estimates have been applied in the second quarter interim report 2009 as for the annual report for 2008, with the exception of changes in IAS 1 and the implementation of IFRS 8. The changes in IAS 1 means that items that previously were reported directly against equity now instead are reported in the income statement as a part of a comprehensive income. This refers to the items in equity that are not transactions with shareholders, e.g. cash flow hedges and translation differences and deferred tax related to these. Alfa Laval has chosen to report these items as a part of one statement over comprehensive income instead of reporting the result down to net income for the year in one statement and the result below this down to comprehensive income in a separate statement. In addition the titles for the statements have been changed. The implementation of IFRS 8 has meant that the reporting of primary and secondary segment has been replaced by:

- a reporting of operating segments in the way the chief operating decision maker monitors the operations, which may deviate from IFRS and
- information according to IFRS for the company as a whole about products and services as well as geographical areas and information about major customers.

The change from primary segments to operating segments has not meant any major changes in the information, apart from the addition of two reconciliation items between the operating income for the operating segments and the operating income according to IFRS for the company as a whole.

Date for the next financial report during 2009

The interim report for the third quarter 2009 will be published on October 21, 2009.

Parent company

The parent company's result after financial items was SEK 215 (0) million, out of which net interests were SEK 10 (7) million, realised and unrealised exchange rate gains and losses SEK -1 (-0) million, dividends from subsidiaries SEK 201 (-) million,

consideration from external captive SEK 14 (-), costs related to the listing SEK -1 (-1) 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 -3 (-1) million.

PARENT COMPANY INCOME

Amounts in SEK millions	April 1 - June 30 2009	April 1 - June 30 2008	Jan 1 - June 30 2009	Jan 1 - June 30 2008	Jan 1 - Dec 31 2008	Jan 1 - Dec 31 2007
Administration costs	-2	-3	-6	-6	-13	-10
Other operating income	14	-	14	-	55	-
Other operating costs	-2	-	-3	-1	0	-2
Operating income/loss	10	-3	5	-7	42	-12
Dividends	201	-	201	-	2,201	1,208
Interest income and similar result items	4	3	19	11	50	44
Interest costs and similar result items	-3	-3	-10	-4	-4	-3
Result after financial items	212	-3	215	0	2,289	1,237
Appropriation to tax allocation reserve	-	-	-	-	-239	-378
Income tax	-3	4	-4	3	-200	-318
Tax on received Group contribution	-	-	-	-	237	413
Net result for the year	209	1	211	3	2,087	954

PARENT COMPANY FINANCIAL POSITION

Amounts in SEK millions	June 30 2009	June 30 2008	Dec 31 2008
ASSETS			
Non-current assets			
Shares in group companies	4,669	4,669	4,669
Current assets			
Receivables on group companies	2,490	661	3,465
Other receivables	174	117	253
Cash and bank	-	-	-
	2,664	778	3,718
TOTAL ASSETS	7,333	5,447	8,387
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Restricted equity capital	2,387	2,387	2,387
Unrestricted equity capital	3,855	2,302	4,593
	6,242	4,689	6,980
Untaxed reserves			
Tax allocation reserves, taxation 2005-2009	977	738	977
Current liabilities			
Liabilities to group companies	19	20	236
Accounts payable	0	0	1
Tax liabilities	95	-	193
	114	20	430
TOTAL EQUITY CAPITAL AND LIABILITIES	7,333	5,447	8,387