Third quarter 2009

"Order intake was SEK 5.1 billion, a volume increase by 3 percent compared to the second quarter 2009. The Process Industry and Marine & Diesel segments improved the order intake compared to the second quarter. The demand from the refinery industry was strong.

Sales amounted to SEK 5.8 billion, which resulted in a continued strong EBITA of SEK 1.0 billion and an operating margin of 17.2 percent. The savings initiatives are realized according to plan. Alfa Laval generated a strong cash flow in the quarter."

Lars Renström, President and CEO

Summary

	Third quarter:				First nine months:			
SEK millions	**2009**	**2008**	**%**	**% ***	**2009**	**2008**	**%**	**% ***
Order intake	5,071	6,784	-25	-30	16,112	21,283	-24	-33
Net sales	5,814	6,632	-12	-18	19,483	19,754	-1	-13
Adjusted EBITA	1,002	1,444	-31		3,432	4,439	-23	
- adjusted EBITA margin (%)	17.2	21.8			17.6	22.5		
Result after financial items	901	1,418	-36		2,861	4,130	-31	
Net income for the period	704	1,001	-30		2,105	2,937	-28	
Earnings per share (SEK)	1.65	2.32	-29		4.94	6.79	-27	
Cash flow **	1,428	1,256	14		3,781	3,185	19	
Effect on EBITA of:								
- foreign exchange effects	108	-94			306	-226		

* excluding exchange rate variations ** from operating activities

Outlook for the fourth quarter

"We expect demand during the fourth quarter to be on about the same level as during the third quarter 2009."

Earlier published outlook (July 16, 2009): "We expect demand during the third quarter to be on about the same level as during the second quarter 2009."

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

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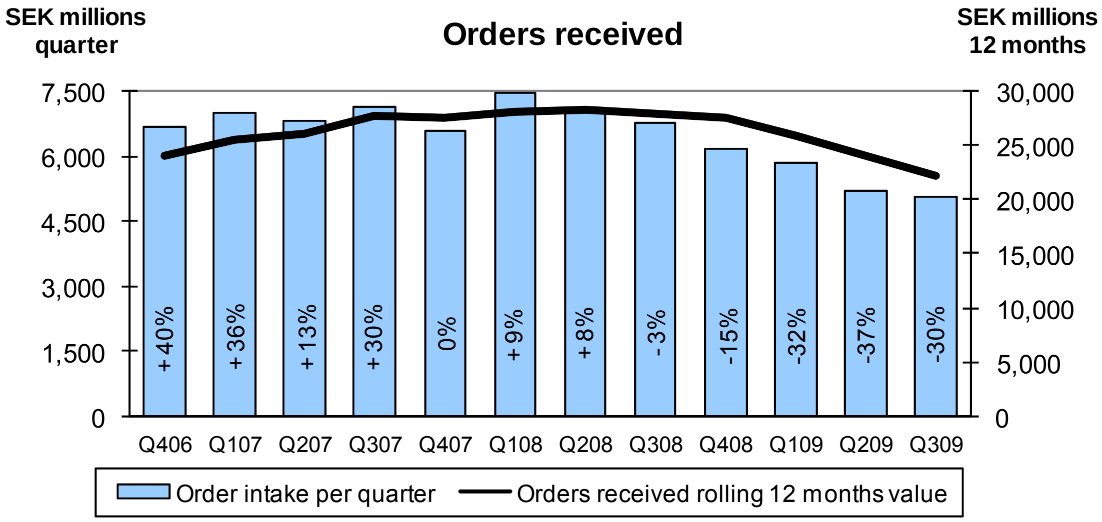
Management's discussion and analysis



Order bridge

SEK millions	Third quarter 2008	Structural change (%)	Currency effects (%)	Organic development (%)	Total (%)	Third quarter 2009
Order intake	6,784	1.4	4.7	-31.4	-25.3	5,071

Orders received amounted to SEK 5,071 (6,784) million for the third quarter. Excluding exchange rate variations, the order intake for the Group was 30.0 percent lower than the third quarter last year. Adjusted for acquisitions of businesses [1)] the corresponding figure is a decrease by 31.4 percent.

This decrease is composed of cancellations in Marine representing 1.1 percent, decrease in Marine order intake representing 9.5 percent and a decrease in order intake in all other segments representing 20.8 percent. In this respect it must be noted that the order intake for the third quarter 2008 was still on a very high level. Compared to the second quarter 2009 orders received has increased by 2.8 percent excluding exchange rate variations and increased by 3.2 percent if also acquisitions of businesses are excluded.

Orders received amounted to SEK 16,112 (21,283) million for the first nine months. Excluding exchange rate variations, the order intake for the Group was 33.0 percent lower than the same period last year. Adjusted for acquisitions of businesses [1)], the corresponding figure is a decrease by 34.9 percent.

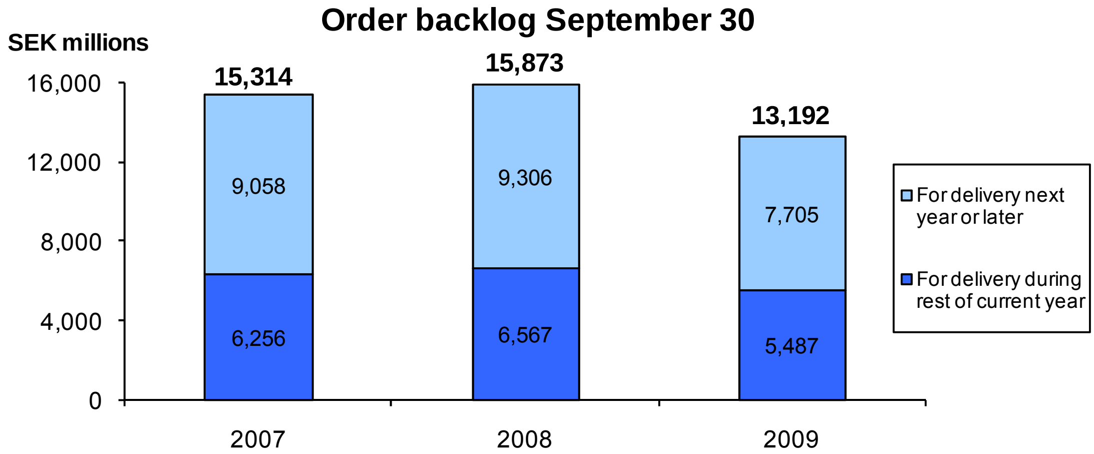
Excluding exchange rate variations, orders received from the aftermarket "Parts & Service" decreased by 12.7 percent for the first nine months compared to the same period last year. Its relative share of the Group's total orders received was 28.3 (21.5) percent. The corresponding order intake for the third quarter 2009 meant an increase by 2.7 percent compared to the second quarter 2009.

1. Acquired businesses are: LHE Co. Ltd at September 1, 2009, PHE Indústria e Comércio de Equipamentos Ltda at August 1, 2009, 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

Large orders [1] in the third quarter:

During the third quarter 2009 Alfa Laval received large orders for SEK 175 (200) million:

- An order for compact heat exchangers from one of the major refineries in Russia. The order value is about SEK 110 million and delivery is scheduled for 2010.
- An order for spiral heat exchangers from a refinery in Russia. The order value is about SEK 65 million and delivery is scheduled for 2010.



The order backlog at September 30, 2009 was SEK 13,192 (15,873) million. Excluding exchange rate variations and adjusted for acquisitions of businesses the order backlog was 30.5 percent lower than the order backlog at September 30, 2008 and 21.0 percent lower than the order backlog at the end of 2008.

Net sales

Sales bridge

SEK millions	Third quarter 2008	Structural change (%)	Currency effects (%)	Organic development (%)	Total (%)	Third quarter 2009
Net sales	6,632	2.5	5.4	-20.2	-12.3	5,814

Net invoicing was SEK 5,814 (6,632) million for the third quarter. Excluding exchange rate variations, the invoicing was 17.8 percent lower than the third quarter last year. Adjusted for acquisitions of businesses the corresponding figure is a decrease by 20.2 percent.

Net invoicing was SEK 19,483 (19,754) million for the first nine months. Excluding exchange rate variations, the invoicing was 12.8 percent lower than the period January to September last year. Adjusted for acquisitions of businesses, the corresponding figure is a decrease by 15.6 percent.

1. Orders with a value over EUR 5 million.

CONSOLIDATED COMPREHENSIVE INCOME

	Third quarter		First nine months		Full year
SEK millions	2009	2008	2009	2008	2008
Net sales	5,814	6,632	19,483	19,754	27,850
Cost of goods sold	-3,680	-3,997	-12,292	-11,576	-16,481
Gross profit	2,134	2,635	7,191	8,178	11,369
Sales costs	-724	-766	-2,375	-2,292	-3,194
Administration costs	-244	-273	-854	-871	-1,239
Research and development costs	-141	-163	-472	-503	-718
Other operating income *	72	118	259	238	522
Other operating costs *	-173	-165	-774	-502	-1,004
Operating income	924	1,386	2,975	4,248	5,736
Dividends	1	1	3	2	2
Interest income and financial exchange gains	128	192	382	258	397
Interest expense and financial exchange losses	-152	-161	-499	-378	-794
Result after financial items	901	1,418	2,861	4,130	5,341
Taxes	-197	-417	-756	-1,193	-1,534
Net income for the period	704	1,001	2,105	2,937	3,807
Other comprehensive income:					
Cash flow hedges	342	-137	498	-90	-580
Translation difference	-395	321	-574	46	850
Deferred tax on other comprehensive income	-106	48	-159	51	228
Comprehensive income for the period	545	1,233	1,870	2,944	4,305
Net income attributable to:					
Equity holders of the parent	698	992	2,086	2,912	3,774
Minority interests	6	9	19	25	33
Earnings per share (SEK)	1.65	2.32	4.94	6.79	8.83
Average number of shares **	422,039,466	427,193,596	422,039,466	428,777,841	427,500,307
Comprehensive income attributable to:					
Equity holders of the parent	548	1,219	1,853	2,921	4,261
Minority interests	-3	14	17	23	44

* The line has been affected by comparison distortion items, see separate specification on page 6.
** Average number of shares has been affected by repurchase of shares and the 4:1 split.

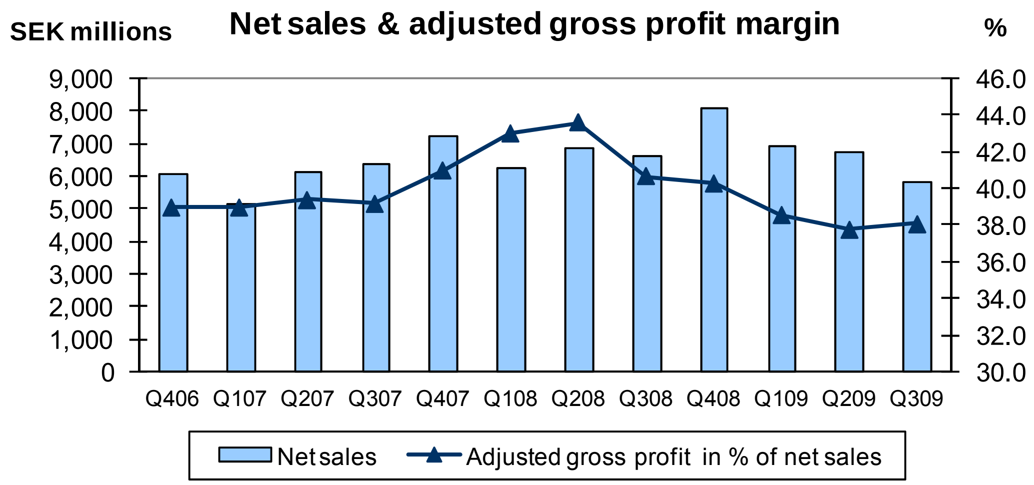
Sales and administration expenses amounted to SEK 3,229 (3,163) million for the first nine months. Adjusted for exchange rate variations and acquisitions of businesses, sales and administration expenses were 11.2 percent lower than last year.

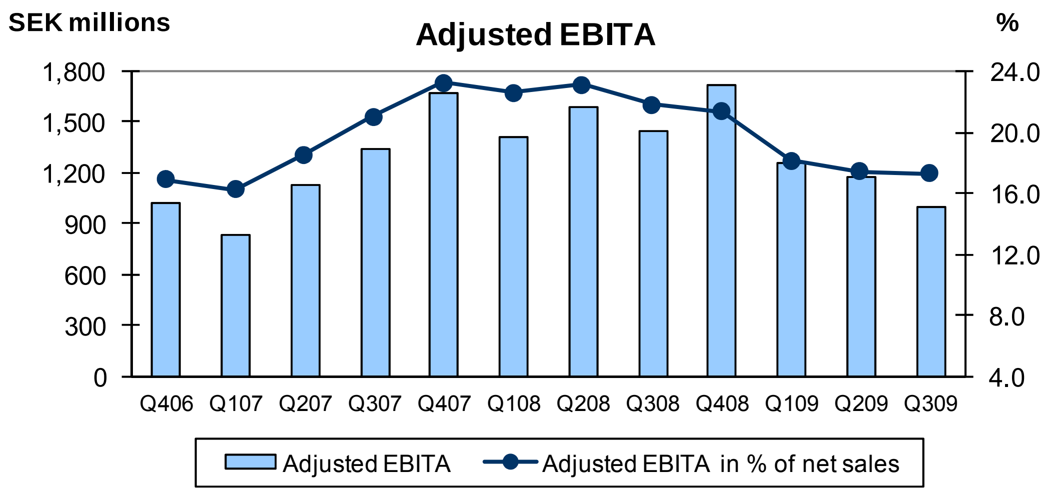
The costs for research and development have amounted to SEK 472 (503) million for the first nine months, corresponding to 2.4 (2.5) percent of net sales. Adjusted for exchange rate variations and acquisitions of businesses, the costs for research and development have decreased by 11.5 percent compared to last year.

Consolidated	Income analysis				
	Third quarter		First nine months		Full year
SEK millions	2009	2008	2009	2008	2008
Net sales	5,814	6,632	19,483	19,754	27,850
Adjusted gross profit *	2,212	2,693	7,423	8,369	11,625
- in % of net sales	***38.0***	***40.6***	***38.1***	***42.4***	***41.7***
Expenses **	-1,116	-1,179	-3,706	-3,726	-5,161
- in % of net sales	*19.2*	*17.8*	*19.0*	*18.9*	*18.5*
Adjusted EBITDA	**1,096**	**1,514**	**3,717**	**4,643**	**6,464**
- in % of net sales	*18.9*	*22.8*	*19.1*	*23.5*	*23.2*
Depreciation	-94	-70	-285	-204	-304
Adjusted EBITA	**1,002**	**1,444**	**3,432**	**4,439**	**6,160**
- in % of net sales	***17.2***	***21.8***	***17.6***	***22.5***	***22.1***
Amortisation of step up values	-78	-58	-232	-191	-256
Comparison distortion items	-	-	-225	-	-168
Operating income	924	1,386	2,975	4,248	5,736

* 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 5.35 (7.11) per share.





Consolidated	Comparison distortion items				
	Third quarter		First nine months		Full year
SEK millions	2009	2008	2009	2008	2008
Operational					
Other operating income	72	118	259	238	420
Comparison distortion income	-	-	-	-	102
Total other operating income	72	118	259	238	522
Other operating costs	-173	-165	-549	-502	-734
Comparison distortion costs	-	-	-225	-	-270
Total other operating costs	-173	-165	-774	-502	-1,004

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 second quarter 2009 was burdened with a cost of SEK 225 million for restructuring measures, see further comments below.

Update on measures to adjust capacity and costs

During the third quarter the work to adjust capacity and costs to the decreased demand continued. The measures communicated on January 12 and July 16, 2009 mean a personnel reduction equivalent to the costs for 1,700 FTEs compared to September 2008. The reduction is partly implemented through work sharing. As per September 30, 2009 a reduction equivalent to about 1,150 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 excess of SEK 900 million. During the third quarter 2009 a saving of approximately SEK 220 million was achieved.

Consolidated financial result and taxes

The financial net has amounted to SEK -151 (-143) 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 -48 (-65) million, interest on the private placement of SEK -27 (-28) million and a net of dividends and other interest income and interest costs of SEK -76 (-50) million. The net of realised and unrealised exchange rate differences amounts to SEK 36 (24) million.

Consolidated	Key figures		
	Sept 30		Dec 31
	2009	2008	2008
Return on capital employed (%) *	37.4	58.2	53.8
Return on equity capital (%) *	28.1	48.8	42.8
Solidity (%) **	42.5	36.8	36.1
Net debt to EBITDA, times *	0.4	0.3	0.3
Debt ratio, times **	0.16	0.23	0.20
Number of employees **	11,535	12,099	12,119

* Calculated on a 12 months' revolving basis.

** At the end of the period.

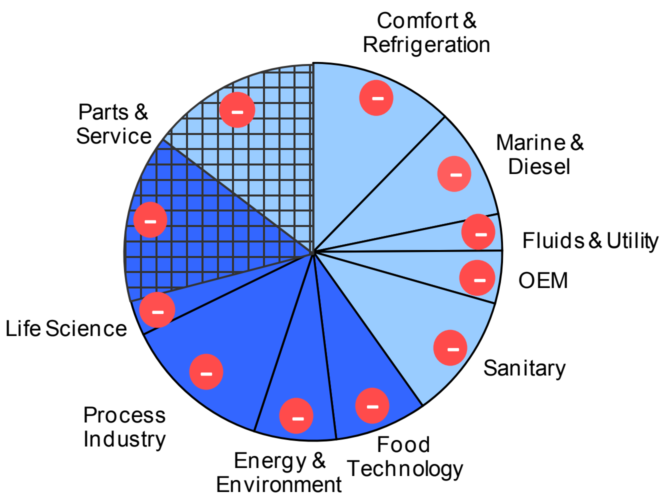
Operating segments

Consolidated	Orders received				
	Third quarter		First nine months		Full year
SEK millions	2009	2008	2009	2008	2008
Equipment	2,809	3,990	9,038	12,495	15,804
Process Technology	2,259	2,789	7,054	8,772	11,636
Other	3	5	20	16	24
Total	5,071	6,784	16,112	21,283	27,464

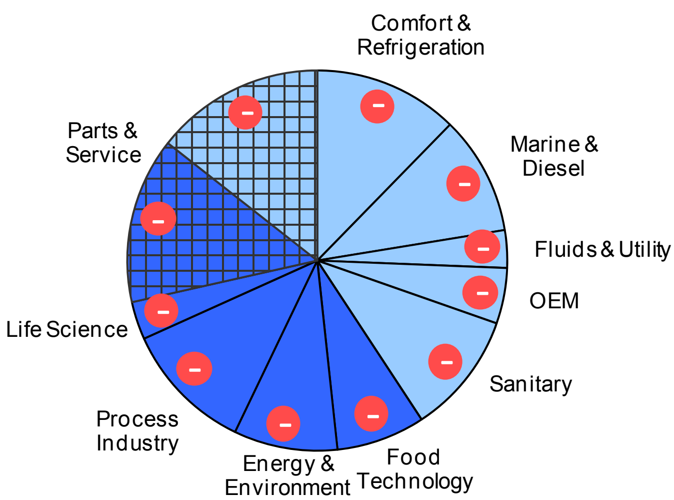
Excluding exchange rate variations, orders received for Equipment decreased by 35.9 percent and net sales decreased by 12.5 percent during the first nine months 2009 compared to the corresponding period last year. Adjusted for acquisitions of businesses, the corresponding figures are a decrease by 38.2 percent and 15.5 percent respectively.

Excluding exchange rate variations, orders received for Process Technology decreased by 29.0 percent and net sales decreased by 13.0 percent during the first nine months 2009 compared to the corresponding period last year. Adjusted for acquisitions of businesses, the corresponding figures are a decrease by 30.3 percent and 15.4 percent respectively.

Orders received by customer segment Q3 2009



Orders received by customer segment YTD 2009



= increase

= decrease

= unchanged (+/- 3 %)

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

= Equipment

= Process Technology

= Parts & Service

If the third quarter 2009 in the same way instead had been compared to the second quarter 2009 both Marine & Diesel and Process Industry would show a plus sign (i.e. growth), Comfort & Refrigeration, Food Technology and Life Science a minus sign and the rest an equals sign.

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

Order intake in the Equipment Division declined in the third quarter compared to the corresponding quarter last year. This was due to a continued weak business climate where decisions were often delayed or postponed. All segments reported a lower order intake with the biggest decline in Marine & Diesel. On the other hand, Marine cancellations were on a slightly lower level than in the previous quarter. The Parts & Service segment is also affected by the negative development in the marine market and saw orders drop due to a lower utilisation rate for vessels. For the Division as a whole order intake rose slightly compared to the second quarter 2009. All segments were unchanged, except for Marine & Diesel that increased order intake and Comfort & Refrigeration which decreased.

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

Order intake in the Process Technology division showed an overall decline in the third quarter compared to the same quarter last year. This is mainly due to the market's overall restrictive approach to major investments, which caused a drop in large orders. The downturn was general for all the segments. Food Technology however, reported only a small decline, helped by the vegetable oil business where activity remained on last year's levels. Pharma and biotech within Life Science were also only marginally below last year's levels due to continued activity in the industry in both the U.S. and Asia. Refinery was up year on year, driven by investments in both efficiency and capacity improvements. Still, the Process Industry segment as a whole declined due to the negative development for inorganics, metals, paper and natural resources. Parts & Service showed a limited decline compared to the third quarter last year, affected by capacity closures of major customers. Compared to the second quarter 2009, order intake for the division as a whole increased somewhat, driven by large project orders in the Process Industry segment.

Consolidated	**Net sales**				
	Third quarter		First nine months		Full year
SEK millions	2009	2008	2009	2008	2008
Equipment	3,438	3,799	11,139	11,308	15,657
Process Technology	2,374	2,816	8,336	8,409	12,143
Other	2	17	8	37	50
Total	5,814	6,632	19,483	19,754	27,850

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

Consolidated	**Order backlog**		
	Sept 30		Dec 31
SEK millions	2009	2008	2008
Equipment	7,303	8,781	7,926
Process Technology	5,857	7,068	6,365
Other	32	24	19
Total	13,192	15,873	14,310

Consolidated	Operating income				
	Third quarter		First nine months		Full year
SEK millions	2009	2008	2009	2008	2008
Equipment	597	843	1,941	2,700	3,602
Process Technology	367	636	1,409	1,954	2,756
Other	-42	-76	-119	-316	-395
Subtotal	922	1,403	3,231	4,338	5,963
Comparison distortion items	-	-	-225	-	-168
Consolidation adjustments *	2	-17	-31	-90	-59
Total	924	1,386	2,975	4,248	5,736

* Difference between management accounts and IFRS

The decrease in operating income for both Equipment and Process Technology during the third 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 and lower costs.

Consolidated	Assets			Liabilities		
	Sept 30		Dec 31	Sept 30		Dec 31
SEK millions	2009	2008	2008	2009	2008	2008
Equipment	9,350	7,990	8,808	1,817	1,782	1,935
Process Technology	8,216	8,145	9,129	4,555	4,854	4,854
Other	4,777	5,739	6,149	2,159	2,238	2,980
Subtotal	22,343	21,874	24,086	8,531	8,874	9,769
Corporate	4,410	3,421	4,946	6,844	7,100	8,770
Total	26,753	25,295	29,032	15,375	15,974	18,539

Consolidated	Depreciation				
	Third quarter		First nine months		Full year
SEK millions	2009	2008	2009	2008	2008
Equipment	46	31	132	98	134
Process Technology	35	22	109	71	107
Other	91	75	276	226	319
Total	172	128	517	395	560

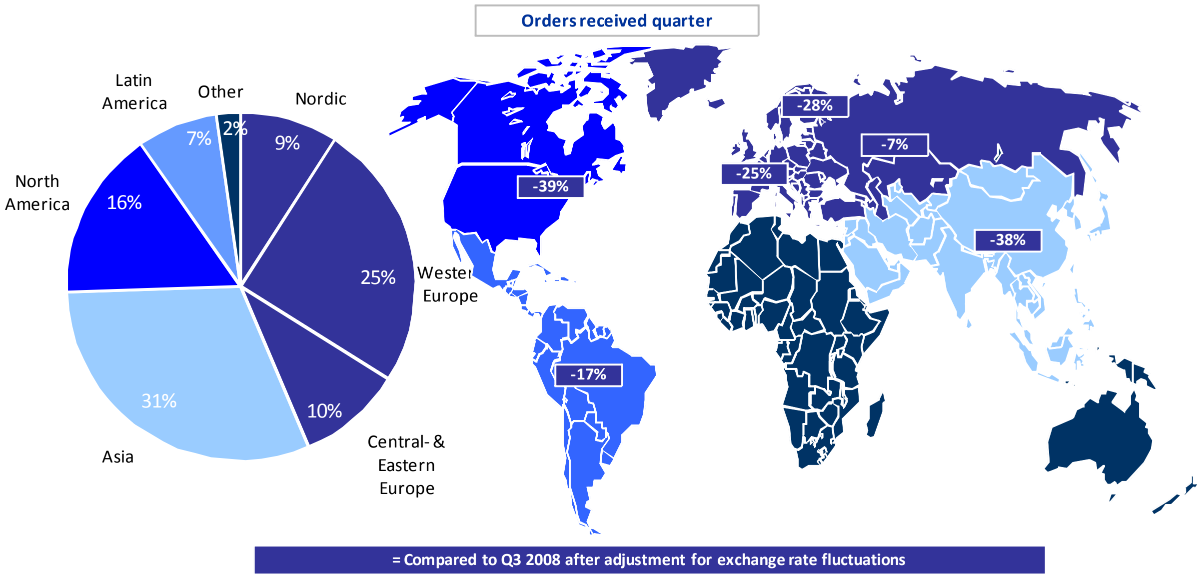
Consolidated	Investments				
	Third quarter		First nine months		Full year
SEK millions	2009	2008	2009	2008	2008
Equipment	32	23	56	53	87
Process Technology	17	61	84	119	215
Other	57	111	164	282	445
Total	106	195	304	454	747

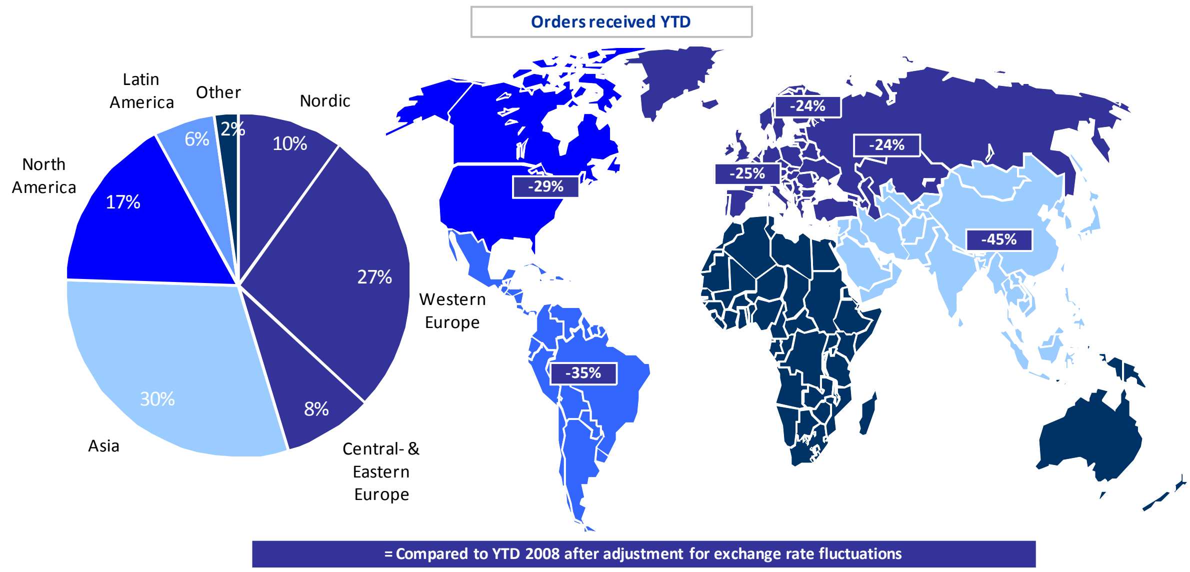
Information about products and services

Consolidated	Net sales by product/service *				
	Third quarter		First nine months		Full year
SEK millions	2009	2008	2009	2008	2008
Own products within:					
Separation	1,476	1,445	4,901	4,383	6,391
Heat transfer	3,092	3,806	10,493	11,539	16,023
Fluid handling	581	579	1,817	1,806	2,426
Other	165	108	481	226	349
Associated products	264	438	955	1,056	1,553
Services	236	256	836	744	1,108
Total	5,814	6,632	19,483	19,754	27,850

* 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

In the third quarter orders received were considerably below the same quarter last year, with the exception of France. Most segments reported a decline in the period, except Food Technology and Life Science that grew. The order intake in the quarter represented a slight decline also in relation to the second quarter 2009.

Central and Eastern Europe

Order intake in Central and Eastern Europe declined in the third quarter versus the same quarter last year, pressured by lower demand in most countries and segments. Russia defied the trend and reported an increase coming from large orders in the Process Industry segment as well as in Food Technology and Life Science. Compared to the second quarter 2009, orders intake rose in the region, explained by the positive development in Russia.

North America

Orders received in the region were substantially lower than the third quarter last year. The decline was more or less general as only the OEM segment reported an increase. Compared to the second quarter 2009 the order intake was basically unchanged both overall and for the base business. Parts & Service, however, reported growth compared to the second quarter.

Latin America

Order intake in the region as a whole declined in the third quarter compared to the corresponding quarter last year, even if Argentina, Chile and Colombia reported growth. Brazil saw a negative order development due to lower demand in the ethanol industry. The refinery business in Mexico performed well. Compared to the second quarter 2009, order intake represented a broad-based growth.

Asia

Under continued negative influence from the development in Marine, the region reported an overall lower order intake in the third quarter compared to the same quarter last year. At the same time Sanitary showed a good development in South East Asia, China and the Middle East and Energy & Environment benefitted from energy projects in India, Middle East and China. The same projects enabled order intake in the region to rise compared to the second quarter 2009.

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

Consolidated	Net sales				
	Third quarter		First nine months		Full year
SEK millions	2009	2008	2009	2008	2008
To customers in:					
Sweden	198	216	607	668	961
Other EU	1,840	2,188	5,915	6,802	9,339
Other Europe	405	629	1,381	1,790	2,402
USA	708	905	2,983	2,518	3,680
Other North America	119	176	379	493	711
Latin America	275	401	1,016	1,255	1,711
Africa	61	57	197	147	229
China	691	699	2,073	2,099	2,935
Other Asia	1,425	1,264	4,700	3,705	5,467
Oceania	92	97	232	277	415
Total	5,814	6,632	19,483	19,754	27,850

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		
	Sept 30		Dec 31
SEK millions	2009	2008	2008
Sweden	1,731	1,770	1,780
Other EU	4,665	4,170	4,769
Other Europe	382	173	174
USA	1,910	1,789	2,258
Other North America	120	118	116
Latin America	153	119	105
Africa	1	1	1
Asia	2,833	1,303	1,557
Oceania	86	78	77
Subtotal	11,881	9,521	10,837
Pension assets	132	119	140
Deferred tax asset	1,301	1,159	1,218
Total	13,314	10,799	12,195

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

SEK millions	Third quarter 2009	Third quarter 2008	First nine months 2009	First nine months 2008	Full year 2008
Cash flow from operating activities					
Operating income	924	1,386	2,975	4,248	5,736
Adjustment for depreciation	172	128	517	395	560
Adjustment for other non-cash items	175	0	128	30	-879
	1,271	1,514	3,620	4,673	5,417
Taxes paid	-445	-382	-1,235	-1,444	-1,868
	826	1,132	2,385	3,229	3,549
Changes in working capital:					
Increase(-)/decrease(+) of receivables	264	204	1,468	-40	87
Increase(-)/decrease(+) of inventories	236	-213	936	-368	-192
Increase(+)/decrease(-) of liabilities	63	209	-1,157	313	264
Increase(+)/decrease(-) of provisions	39	-76	149	51	354
(Increase)/decrease in working capital	**602**	**124**	**1,396**	**-44**	**513**
	1,428	1,256	3,781	3,185	4,062
Cash flow from investing activities					
Investments in fixed assets (Capex)	-106	-195	-304	-454	-747
Divestment of fixed assets	6	0	6	0	140
Acquisition of businesses	-1,105	-330	-2,243	-720	-726
	-1,205	-487	-2,541	-1,174	-1,333
Cash flow from financing activities					
Received interests and dividends	7	25	23	90	219
Paid interests	-55	-47	-236	-160	-266
Realised financial exchange differences	83	-107	60	-122	-245
Repurchase of shares	-	-219	-	-586	-766
Dividends to owners of parent company	-	-	-950	-963	-963
Dividends to minority owners in subsidiary	1	-1	-5	-11	-20
Increase(-)/decrease(+) of financial assets	-147	102	181	-17	-380
Increase(+)/decrease(-) of borrowings	-8	-409	-130	-140	-178
	-119	-656	-1,057	-1,909	-2,599
Cash flow for the period	104	113	183	102	130
Cash and bank at the beginning of the period	1,156	818	1,083	856	856
Translation difference in cash and bank	-53	45	-59	18	97
Cash and bank at the end of the period	1,207	976	1,207	976	1,083
Free cash flow per share (SEK) *	0.53	1.80	2.94	4.69	6.38
Capex in relation to sales	1.8%	2.9%	1.6%	2.3%	2.7%
Average number of shares **	422,039,466	427,193,596	422,039,466	428,777,841	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 nine months 2009 cash flows from operating and investing activities were burdened by the large acquisitions of businesses but still amounted to SEK 1,240 (2,011) million. Depreciation, excluding allocated step-up values, was SEK 285 (204) million during the first nine months, whereas the investments were SEK 304 (454) million.

CONSOLIDATED FINANCIAL POSITION

SEK millions	Sept 30 2009	Sept 30 2008	Dec 31 2008
ASSETS			
Non-current assets			
Intangible assets	8,381	6,388	7,273
Property, plant and equipment	3,469	3,131	3,546
Other non-current assets	1,464	1,280	1,376
	13,314	10,799	12,195
Current assets			
Inventories	4,833	5,629	5,972
Accounts receivable	4,593	5,420	5,706
Other receivables	1,907	2,134	2,941
Derivative assets	563	157	591
Other current deposits	336	180	544
Cash and bank *	1,207	976	1,083
	13,439	14,496	16,837
TOTAL ASSETS	26,753	25,295	29,032
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Shareholders' equity	11,281	9,218	10,378
Minority interest	97	103	115
	11,378	9,321	10,493
Non-current liabilities			
Liabilities to credit institutions	2,249	2,267	2,538
Private placement	768	745	856
Provisions for pensions and similar commitments	922	925	990
Provision for deferred tax	1,199	971	1,161
Other provisions	420	420	403
	5,558	5,328	5,948
Current liabilities			
Liabilities to credit institutions	257	270	247
Accounts payable	1,686	2,337	2,700
Advances from customers	2,232	2,454	2,444
Other provisions	1,982	1,483	1,849
Other liabilities	3,392	3,787	4,142
Derivative liabilities	268	315	1,209
	9,817	10,646	12,591
Total liabilities	15,375	15,974	18,539
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	26,753	25,295	29,032

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

Consolidated	Borrowings and net debt		
	Sept 30		Dec 31
SEK millions	2009	2008	2008
Credit institutions	2,506	2,537	2,785
Private placement	768	745	856
Capitalised financial leases	132	34	58
Interest-bearing pension liabilities	2	2	2
Total debt	3,408	3,318	3,701
Cash, bank and current deposits	-1,543	-1,156	-1,627
Net debt	1,865	2,162	2,074

Alfa Laval has a senior credit facility with a banking syndicate of EUR 268 million and USD 348 million, corresponding to SEK 5,160 million. At September 30, 2009, SEK 1,877 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

	First nine months		Full year
SEK millions	2009	2008	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	1,853	2,921	4,261
Transactions with shareholders			
Repurchase of shares	-	-586	-766
Dividends	-950	-963	-963
	-950	-1,549	-1,729
Subtotal	903	1,372	2,532
Minority			
Comprehensive income			
Comprehensive income for the period	17	23	44
Transactions with shareholders			
Decrease of minority in Alfa Laval (India) Ltd	-65	-	-
Minority in acquired company	35	-	-
Dividends	-5	-11	-20
	-35	-11	-20
Subtotal	-18	12	24
At the end of the period	11,378	9,321	10,493

Ownership and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 32,081 (23,789) shareholders on September 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 1.5 percent. These ten largest shareholders own 49.5 (43.1) 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 September 30, 2009, named as a co-defendant in a total of 378 asbestos-related lawsuits with a total of approximately 511 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 September 1, 2009 Alfa Laval acquired 90 percent of the shares in LHE Co., Ltd in South Korea – a leading heat exchanger company in South Korea. The company targets the compact plate heat exchanger market, with sales of about SEK 750 million in 2008 and some 170 employees. LHE will continue to offer its own product range, under the LHE brand, through its own sales network.

On August 14, 2009 Alfa Laval acquired PHE Indústria e Comércio de Equipamentos Ltda. in Brazil, a company that services plate heat exchangers in a variety of industries. The company had sales of about SEK 45 million in 2008 and some 35 employees. It will be integrated into Tranter. The company will be consolidated in the Alfa Laval Group from August 1, 2009.

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.

Parent company

The parent company's result after financial items was SEK 204 (2,210) million, out of which net interests were SEK 11 (15) million, realised and unrealised exchange rate gains and losses SEK -12 (2) million, dividends from subsidiaries SEK 201 (2,201) million, consideration from external captive SEK 14 (-), 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 -3 (-1) million.

PARENT COMPANY INCOME

	Third quarter		First nine months		Full year
SEK millions	2009	2008	2009	2008	2008
Administration costs	-1	-1	-7	-7	-13
Other operating income	-	-	14	-	55
Other operating costs	0	0	-3	-1	0
Operating income/loss	-1	-1	4	-8	42
Dividends	-	2,201	201	2,201	2,201
Interest income and similar result items	1	10	20	21	50
Interest costs and similar result items	-11	0	-21	-4	-4
Result after financial items	-11	2,210	204	2,210	2,289
Appropriation to tax allocation reserve	-	-	-	-	-239
Income tax	3	-6	-1	-3	-200
Tax on received Group contribution	-	-	-	-	237
Net result for the year	-8	2,204	203	2,207	2,087

PARENT COMPANY FINANCIAL POSITION

	Sept 30		Dec 31
SEK millions	2009	2008	2008
ASSETS			
Non-current assets			
Shares in group companies	4,669	4,669	4,669
Current assets			
Receivables on group companies	2,431	2,581	3,465
Other receivables	173	179	253
Cash and bank	-	-	-
	2,604	2,760	3,718
TOTAL ASSETS	7,273	7,429	8,387
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Restricted equity capital	2,387	2,387	2,387
Unrestricted equity capital	3,847	4,287	4,593
	6,234	6,674	6,980
Untaxed reserves			
Tax allocation reserves, taxation 2005-2009	977	738	977
Current liabilities			
Liabilities to group companies	16	16	236
Accounts payable	0	1	1
Tax liabilities	46	-	193
	62	17	430
TOTAL EQUITY CAPITAL AND LIABILITIES	7,273	7,429	8,387

Accounting principles

The third 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 third 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.

Third quarter refers to the period July 1 to September 30. First nine months refers to the period January 1 to September 30. Full year refers to the period January 1 to December 31.

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.

Reporting of 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.

Date for the next financial reports

The fourth quarter and full year 2009 report will be published on February 9, 2010.

Alfa Laval will publish interim reports during 2010 at the following dates:

Interim report for the first quarter	April 26
Interim report for the second quarter	July 20
Interim report for the third quarter	October 21

Nomination Committee for the Annual General Meeting 2010

In accordance with a resolution taken at the Annual General Meeting of Alfa Laval AB on April 20, 2009, the Chairman of the Board, Anders Narvinger, has contacted five of the largest shareholders to constitute the Nomination Committee in preparation of the Annual General Meeting 2010. The following persons have accepted to be part of the

Nomination Committee: Finn Rausing, Tetra Laval, Lars-Åke Bokenberger, AMF Pension, Bo Selling, Alecta, Mats Lagerqvist, Swedbank Robur Fonder and Peter Rönström, Lannebo Fonder.

The Annual General Meeting of Alfa Laval AB will be held at Färs & Frosta Sparbank Arena, Klostergårdens idrottsområde, Stattenavägen in Lund, Sweden on Monday April 26, 2010, 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.

The interim report has been issued on October 21, 2009 by the President and Chief Executive Officer Lars Renström by proxy from the Board of Directors.

Lund, October 21, 2009,

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