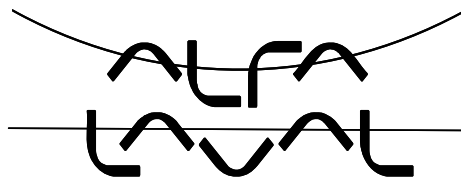


Third quarter 2010



“Order intake increased by 21 percent to a strong SEK 6.1 billion during the third quarter and thereby surpassed the invoicing for the first time in two years. The development confirmed that demand now is established at a new level. Good growth was reported within most of the segments and regions. North America distinguished itself in particular with a record order within water treatment and strong demand in energy. In addition, India became our fourth largest market during the quarter.

Sales amounted to SEK 5.8 billion and the adjusted operating result to SEK 1.14 billion, which resulted in a strong operating margin of 19.6 percent. Positive mix and foreign exchange effects and good capacity utilisation contributed to the positive profitability development.”

Lars Renström, President and CEO

Summary	Third quarter				First nine months			
	2010	2009	%	% *	2010	2009	%	% *
SEK millions								
Order intake	6,134	5,071	21	23	17,490	16,112	9	13
Net sales	5,811	5,814	0	2	17,551	19,483	-10	-6
Adjusted EBITA	1,141	1,002	14		3,345	3,432	-3	
- adjusted EBITA margin (%)	19.6	17.2			19.1	17.6		
Result after financial items	1,044	901	16		3,091	2,861	8	
Net income for the period	758	704	8		2,211	2,105	5	
Earnings per share (SEK)	1.78	1.65	8		5.20	4.94	5	
Cash flow **	1,118	1,428	-22		3,017	3,781	-20	
Impact on EBITA of:								
- foreign exchange effects	124	108			324	306		

* excluding exchange rate variations

** from operating activities

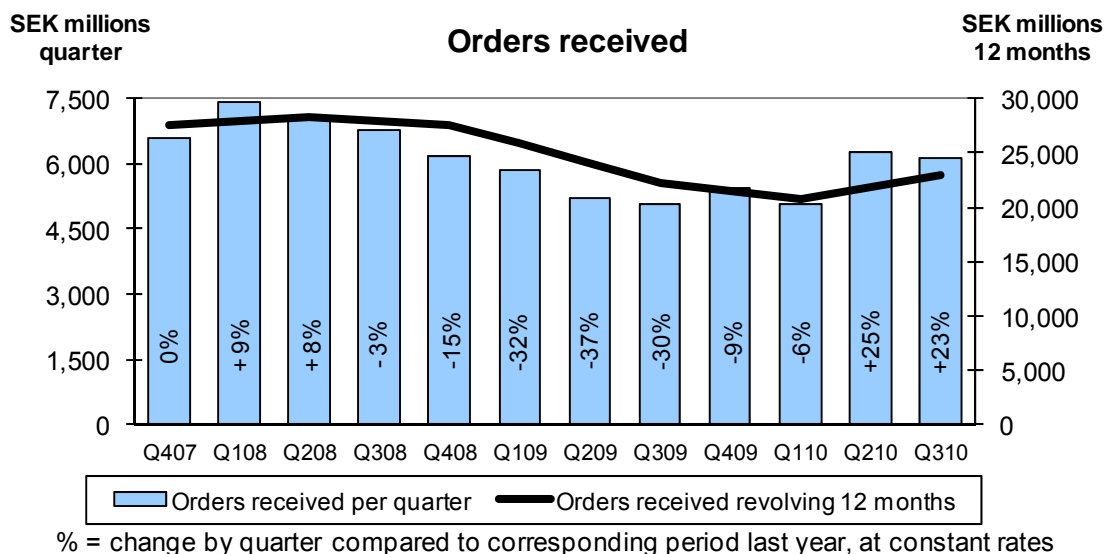
Outlook for the fourth quarter

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

Earlier published outlook (July 20, 2010): “We expect demand during the third quarter to be in line with or somewhat lower than the second quarter.”

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

Management's discussion and analysis



Order bridge

SEK millions	Third quarter 2009	Structural change (%)	Currency effects (%)	Organic development (%)	Total (%)	Third quarter 2010
Orders received	5,071	3.7	-2.1	19.4	21.0	6,134

Orders received amounted to SEK 6,134 (5,071) million for the third quarter. Excluding exchange rate variations, the order intake for the Group was 23.1 percent higher than the third quarter last year. Adjusted for acquisitions of businesses ¹⁾, the corresponding figure is an increase by 19.4 percent.

Orders received amounted to SEK 17,490 (16,112) million for the first nine months. Excluding exchange rate variations, the order intake for the Group was 13.4 percent higher than the same period last year. Adjusted for acquisitions of businesses ¹⁾, the corresponding figure is an increase by 9.4 percent.

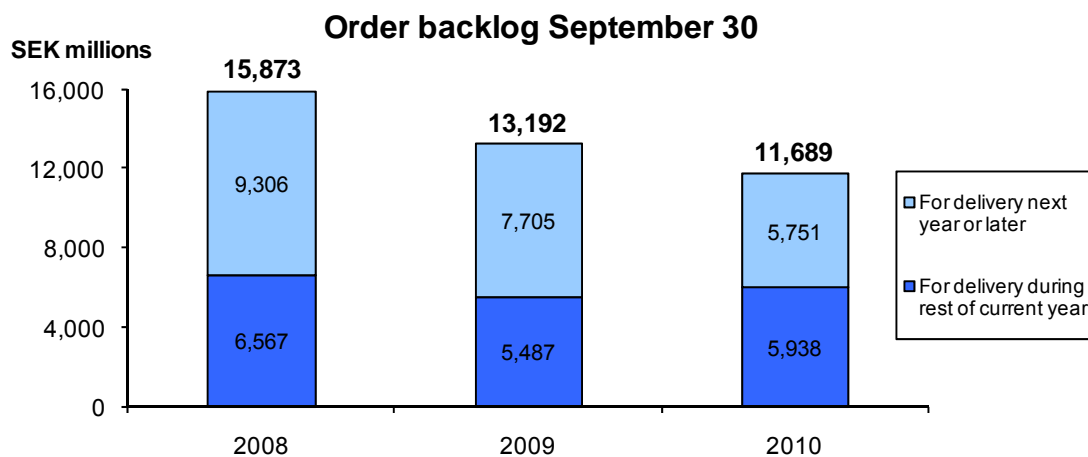
Orders received from the aftermarket "Parts & Service" constituted 29.0 (28.3) percent of the Group's total orders received for the first nine months. Excluding exchange rate variations, the "Parts & Service" order intake increased by 15.8 percent during the third quarter 2010 compared to the corresponding quarter last year.

1. Acquired businesses are: Si Fang Stainless Steel Products Co. Ltd at April 1, 2010, Astepo S.r.l. at April 1, 2010, a leading service provider on the North American market at January 6, 2010, Champ Products Inc, at January 5, 2010, LHE Co. Ltd at September 1, 2009, PHE Indústria e Comércio de Equipamentos Ltda at August 1, 2009, HES at February 1, 2009, two providers of parts and service at January 14, 2009

Large orders ¹⁾ in the third quarter:

During the third quarter 2010 Alfa Laval received large orders for SEK 270 (175) million:

- An order for decanter centrifuges for a waste water treatment plant in Chicago in the US. The order value is about SEK 250 million of which SEK 40 million was booked in June. Delivery is scheduled to be finalized during 2013.
- An order from Tata Chemicals for heat exchangers to be used in evaporation systems for production of salt in India. The order value is about SEK 60 million and delivery is scheduled for 2011.



The order backlog at September 30, 2010 was SEK 11,689 (13,192) million. Excluding exchange rate variations and adjusted for acquisitions of businesses the order backlog was 9.7 percent lower than the order backlog at September 30, 2009 and 0.9 percent lower than the order backlog at the end of 2009.

Net sales**Sales bridge**

	Third quarter 2009	Structural change (%)	Currency effects (%)	Organic development (%)	Total (%)	Third quarter 2010
SEK millions	5,814					
Net sales	5,814	3.2	-1.7	-1.6	-0.1	5,811

Net invoicing was SEK 5,811 (5,814) million for the third quarter. Excluding exchange rate variations, the invoicing was 1.6 percent higher than the third quarter last year. Adjusted for acquisitions of businesses the corresponding figure is a decrease by 1.6 percent.

Net invoicing was SEK 17,551 (19,483) million for the first nine months. Excluding exchange rate variations, the invoicing was 6.0 percent lower than the period January to September last year. Adjusted for acquisitions of businesses, the corresponding figure is a decrease by 9.6 percent.

Net invoicing relating to "Parts & Service" constituted 27.3 (24.4) percent of the Group's total net invoicing for the first nine months. This change of mix has a positive impact on the gross margin.

1. Orders with a value over EUR 5 million.

CONSOLIDATED COMPREHENSIVE INCOME

SEK millions	Third quarter		First nine months		Full year
	2010	2009	2010	2009	2009
Net sales	5,811	5,814	17,551	19,483	26,039
Cost of goods sold	-3,478	-3,680	-10,593	-12,292	-16,411
Gross profit	2,333	2,134	6,958	7,191	9,628
Sales costs	-785	-724	-2,328	-2,375	-3,179
Administration costs	-259	-244	-832	-854	-1,132
Research and development costs	-138	-141	-414	-472	-654
Other operating income *	113	72	350	259	442
Other operating costs *	-214	-173	-595	-774	-1,075
Operating income	1,050	924	3,139	2,975	4,030
Dividends and fair value adjustments	2	1	4	3	-1
Interest income and financial exchange rate gains	5	128	225	382	404
Interest expense and financial exchange rate losses	-13	-152	-277	-499	-673
Result after financial items	1,044	901	3,091	2,861	3,760
Taxes	-286	-197	-880	-756	-1,023
Net income for the period	758	704	2,211	2,105	2,737
Other comprehensive income:					
Cash flow hedges	212	342	212	498	551
Translation difference	-698	-396	-558	-575	-392
Deferred tax on other comprehensive income	-67	-106	-66	-159	-175
Comprehensive income for the period	205	544	1,799	1,869	2,721
Net income attributable to:					
Equity holders of the parent	748	698	2,189	2,086	2,710
Minority interests	10	6	22	19	27
Earnings per share (SEK)	1.78	1.65	5.20	4.94	6.42
Average number of shares	419,456,315	422,039,466	420,843,698	422,039,466	422,039,466
Comprehensive income attributable to:					
Equity holders of the parent	204	547	1,783	1,852	2,684
Minority interests	1	-3	16	17	37

* The line has been affected by comparison distortion items, see separate specification on page 6.

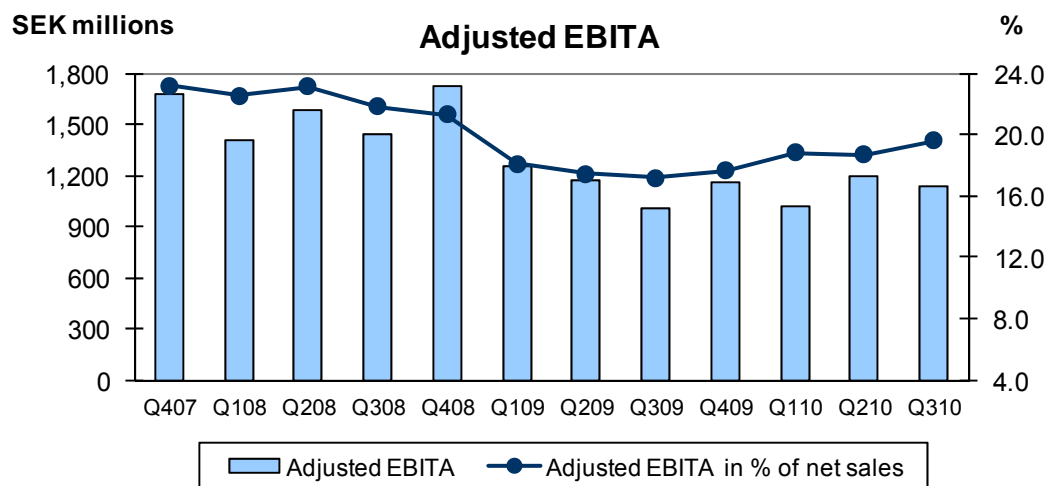
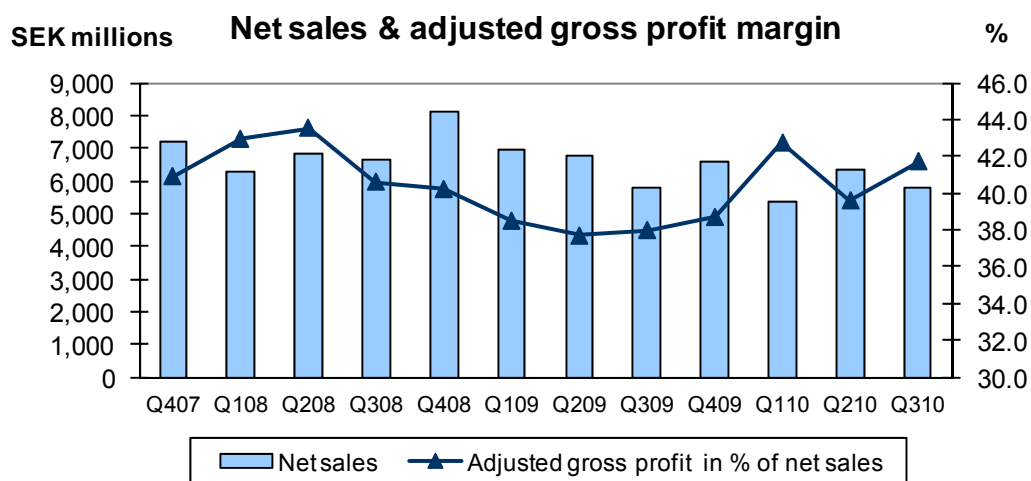
Sales and administration expenses amounted to SEK 3,160 (3,229) million during the first nine months 2010. Adjusted for exchange rate variations and acquisitions of businesses, sales and administration expenses were 1.2 percent lower than the corresponding period last year.

The costs for research and development have amounted to SEK 414 (472) million during the first nine months 2010, corresponding to 2.4 (2.4) percent of net sales. Adjusted for exchange rate variations and acquisitions of businesses, the costs for research and development have decreased, amongst other through increased efficiency, by 10.4 percent compared to the corresponding period last year.

Consolidated	Income analysis				
	Third quarter		First nine months		Full year
	2010	2009	2010	2009	2009
SEK millions					
Net sales	5,811	5,814	17,551	19,483	26,039
Adjusted gross profit *	2,424	2,212	7,244	7,423	9,958
- in % of net sales	41.7	38.0	41.3	38.1	38.2
Expenses **	-1,180	-1,116	-3,593	-3,706	-4,982
- in % of net sales	20.3	19.2	20.5	19.0	19.1
Adjusted EBITDA	1,244	1,096	3,651	3,717	4,976
- in % of net sales	21.4	18.9	20.8	19.1	19.1
Depreciation	-103	-94	-306	-285	-391
Adjusted EBITA	1,141	1,002	3,345	3,432	4,585
- in % of net sales	19.6	17.2	19.1	17.6	17.6
Amortisation of step-up values	-91	-78	-286	-232	-330
Comparison distortion items	-	-	80	-225	-225
Operating income	1,050	924	3,139	2,975	4,030

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

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 5.70 (5.35) per share.



Consolidated	Comparison distortion items				
	Third quarter		First nine months		Full year
	2010	2009	2010	2009	2009
SEK millions					
Operational					
Other operating income	113	72	270	259	442
Comparison distortion income	-	-	80	-	-
Total other operating income	113	72	350	259	442
Other operating costs	-214	-173	-595	-549	-850
Comparison distortion costs	-	-	-	-225	-225
Total other operating costs	-214	-173	-595	-774	-1,075

The operating income for the first nine months 2010 has been affected by comparison distortion items of SEK 80 (-225) million. When applicable these are reported gross in the comprehensive income statement as a part of other operating income and other operating costs.

The comparison distortion income of SEK 80 million relates to reversal of unused parts of the provisions made in connection with the savings' measures that were initiated during 2009. Since the actual costs for the measures became SEK 80 million lower this amount is reversed.

Consolidated financial result and taxes

The financial net has amounted to SEK -99 (-151) 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 -1 (-48) million, interest on the private placement of SEK -17 (-27) million and a net of dividends and other interest income and interest costs of SEK -81 (-76) million. The net of realised and unrealised exchange rate differences amounts to SEK 51 (36) million.

Consolidated	Key figures		
	September 30		December 31
	2010	2009	2009
Return on capital employed (%) *	35.8	37.4	33.6
Return on equity (%) *	23.1	28.1	24.5
Solidity (%) **	48.8	42.5	46.7
Net debt to EBITDA, times *	-0.08	0.4	0.1
Debt ratio, times **	-0.03	0.16	0.04
Number of employees **	12,095	11,535	11,390

* Calculated on a 12 months' revolving basis.

** At the end of the period.

Operating segments

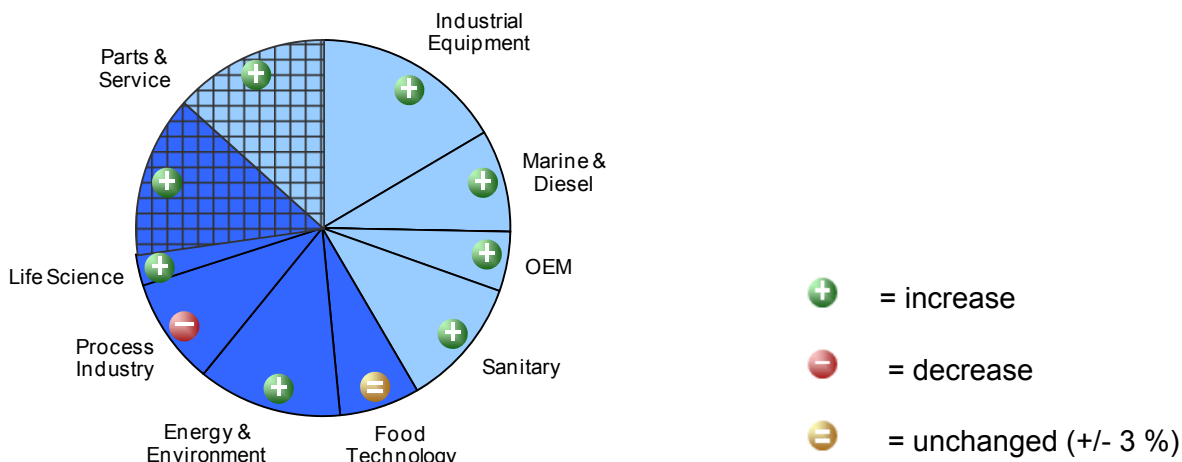
Consolidated	Orders received				
	Third quarter		First nine months		Full year
	2010	2009	2010	2009	2009
SEK millions					
Equipment	3,220	2,809	9,601	9,038	11,751
Process Technology	2,913	2,259	7,880	7,054	9,767
Other	1	3	9	20	21
Total	6,134	5,071	17,490	16,112	21,539

Excluding exchange rate variations, orders received for Equipment increased by 11.5 percent and net sales decreased by 4.5 percent during the first nine months 2010

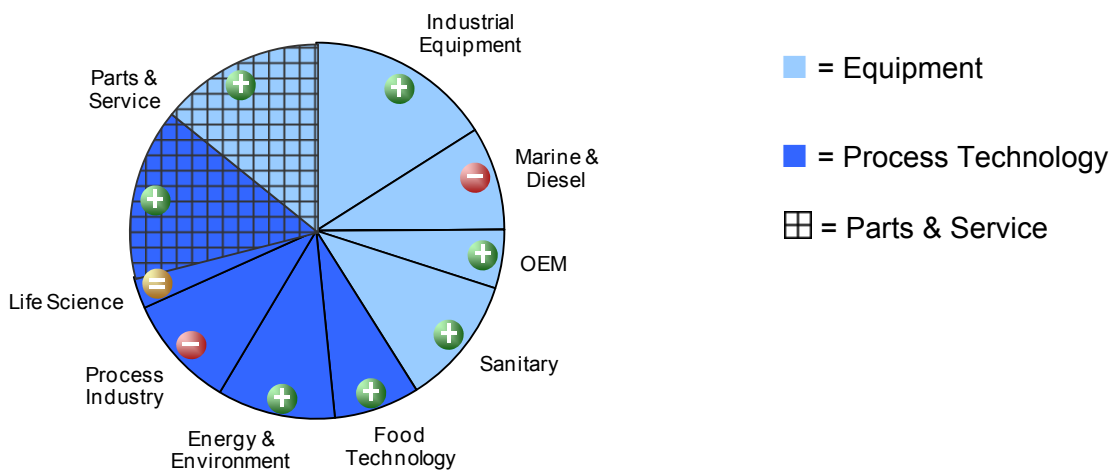
compared to the corresponding period last year. Adjusted for acquisitions of businesses, the corresponding figures are an increase by 7.0 percent and a decrease by 8.6 percent respectively.

Excluding exchange rate variations, orders received for Process Technology increased by 15.9 percent and net sales decreased by 8.2 percent during the first nine months 2010 compared to the corresponding period last year. Adjusted for acquisitions of businesses, the corresponding figures are an increase by 12.6 percent and a decrease by 11.0 percent respectively.

Orders received by customer segment Q3 2010



Orders received by customer segment YTD 2010



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

Industrial Equipment is a combination of the two former customer segments Comfort & Refrigeration and Fluids & Utility Equipment.

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

The Equipment division showed a continued good development in the third quarter and all segments reported growth compared with the same period last year.

The Sanitary segment showed continued strong growth, boosted by increased activity in both the food and pharma industries. The base business* had a particularly strong development, especially in the BRIC countries - Brazil, Russia, India and China. Industrial Equipment had a strong development in the quarter compared with the same period last year. The improvement was driven by the base business in all main industrial applications, with the exception of district cooling and district heating where investments were still lagging behind. Order intake for OEM continued to develop positively as demand for boilers, heat pumps and air conditioners grew, partly as a result of an increased focus on energy-saving initiatives. In Marine & Diesel, order intake continued to grow following a cautious increase in marine contracting levels. Projects for diesel power stations were on a high level, but a certain delay in decision-making prevailed.

The demand for Parts & Service continued to grow, partly driven by the increased activity in world trade - which affects Marine - and partly by a substantial growth in utilisation rates in the markets served by Industrial Equipment.

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

Order intake for the Process Technology division showed strong growth in the third quarter with larger orders on a significantly higher level, primarily driven by Energy & Environment. At the same time the division continued to see base business growth.

During the quarter Energy & Environment won a U.S. order for waste-water treatment, which was Alfa Laval's largest order ever. This contributed to a strong development for the segment. In addition, drilling and exploration activities in oil and gas showed strength, primarily in the U.S. and Latin America. At the same time the market unit Power was boosted partly by a continued interest in renewable power such as solar and bio gas and partly by orders for clean technology solutions, such as carbon capture. In Process Industry order intake was down, mainly related to non-repeat large orders. The exception was inorganics, metals and paper which grew through some larger orders, particularly in Asia. An overall steady development in for instance the metals, process and petrochemical industries secured a steady growth for the base business in the segment. Food Technology showed growth compared to the corresponding quarter last year with vegetable oil benefitting from continued capacity investments in edible oil, driven by the major global companies in this field. Activity was strong in Latin America and Asia, which contributed to the growth. The order intake for Life Science was up, to a large extent driven by an improvement in the base business.

Parts & Service showed strong growth compared to the same quarter last year with demand for parts on a continued high level. The demand for repair, maintenance and upgrades was strong, boosted by higher capacity utilization in industries served by Process Industry and Energy & Environment.

Consolidated SEK millions	Net sales				
	Third quarter		First nine months		Full year
	2010	2009	2010	2009	2009
Equipment	3,375	3,438	10,159	11,139	14,665
Process Technology	2,434	2,374	7,373	8,336	11,350
Other	2	2	19	8	24
Total	5,811	5,814	17,551	19,483	26,039

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

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

Consolidated	Order backlog		
	September 30		December 31
	2010	2009	2009
SEK millions			
Equipment	5,652	7,303	6,399
Process Technology	6,026	5,857	5,486
Other	11	32	21
Total	11,689	13,192	11,906

Consolidated	Operating income				
	Third quarter		First nine months		Full year
	2010	2009	2010	2009	2009
SEK millions					
Equipment	668	597	1,946	1,941	2,530
Process Technology	522	367	1,446	1,409	2,040
Other	-117	-42	-302	-119	-138
Subtotal	1,073	922	3,090	3,231	4,432
Comparison distortion items	-	-	80	-225	-225
Consolidation adjustments *	-23	2	-31	-31	-177
Total	1,050	924	3,139	2,975	4,030

* Difference between management accounts and IFRS.

The increase in operating income for both Equipment and Process Technology during the first nine months 2010 compared to the corresponding period last year is mainly explained by a change of mix in the sales, lower costs and positive foreign exchange effects, largely offset by a lower gross profit due to decreased volume.

Consolidated	Assets			Liabilities		
	September 30		December 31	September 30		December 31
	2010	2009	2009	2010	2009	2009
SEK millions						
Equipment	9,052	9,350	9,428	1,941	1,817	1,987
Process Technology	7,952	8,216	8,289	4,635	4,555	4,643
Other	4,279	4,777	4,507	2,061	2,159	1,866
Subtotal	21,283	22,343	22,224	8,637	8,531	8,496
Corporate	4,811	4,406	3,982	4,724	6,840	5,481
Total	26,094	26,749	26,206	13,361	15,371	13,977

Consolidated	Depreciation				
	Third quarter		First nine months		Full year
	2010	2009	2010	2009	2009
SEK millions					
Equipment	62	46	189	132	200
Process Technology	48	35	138	109	153
Other	84	91	265	276	368
Total	194	172	592	517	721

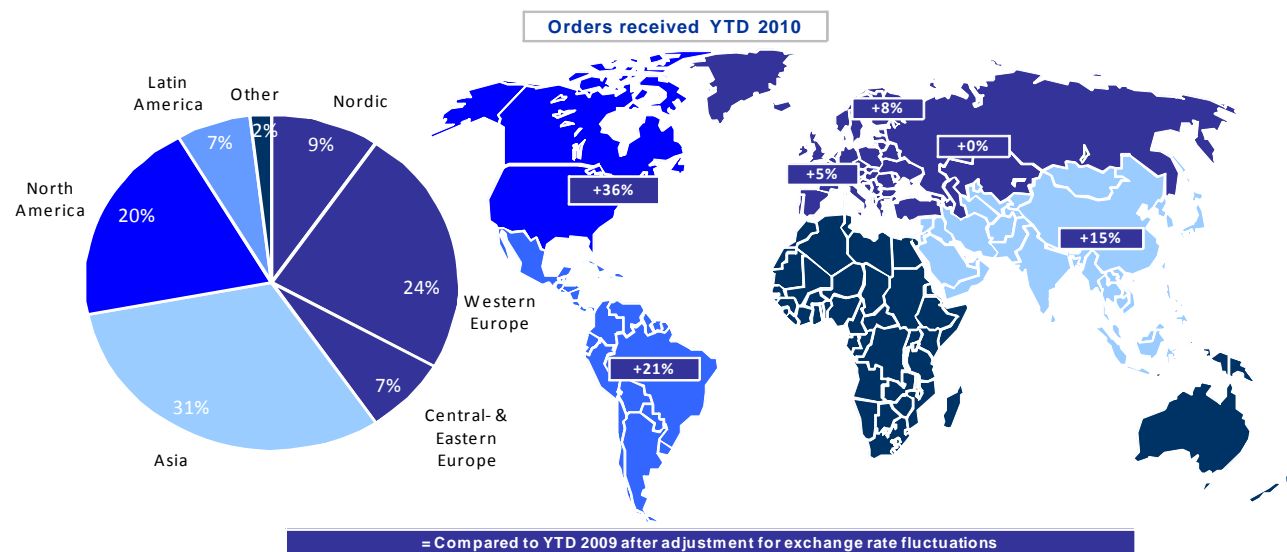
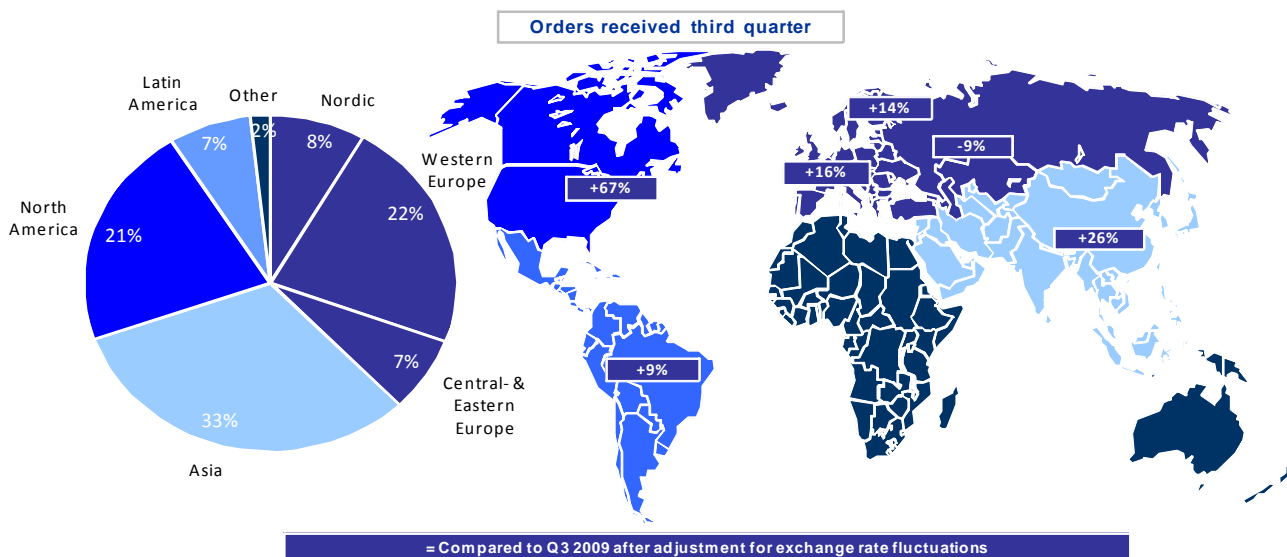
Consolidated	Investments				
	Third quarter		First nine months		Full year
	2010	2009	2010	2009	2009
SEK millions					
Equipment	13	32	46	56	91
Process Technology	42	17	75	84	113
Other	37	57	106	164	247
Total	92	106	227	304	451

Information about products and services

Consolidated SEK millions	Net sales by product/service *				
	Third quarter		First nine months		Full year
	2010	2009	2010	2009	2009
Own products within:					
Separation	1,379	1,476	4,325	4,901	6,586
Heat transfer	3,098	3,092	9,320	10,493	13,866
Fluid handling	666	581	1,929	1,817	2,427
Other	144	165	369	481	615
Associated products	243	264	784	955	1,339
Services	281	236	824	836	1,206
Total	5,811	5,814	17,551	19,483	26,039

* 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 order intake grew compared to the corresponding period last year. The best development was in the United Kingdom, the Benelux and the Mid Europe sales regions. Also from a segment perspective it looked positive with a majority of the segments reporting increases in orders. The base business* grew substantially from the third quarter last year.

Central and Eastern Europe

Order intake declined somewhat in Central & Eastern Europe in the third quarter compared with the same period last year. Still, the base business did very well as did Parts & Service. The development in the region was due to a decline in Russia where large orders were not repeated although the base business showed a good development. All segments within the Equipment Division improved from the corresponding quarter last year. The picture was more mixed in the Process Technology Division where Energy & Environment and Food Technology grew while Process Industry was affected by non-repeat orders.

North America

Order intake in North America was on a substantially higher level in the third quarter, supported by a generally positive development. An important contribution came from a waste water treatment order booked in the U.S., the largest order ever for Alfa Laval. All segments reported growth, including Parts & Service, and the base business was substantially above the corresponding quarter last year.

Latin America

In Latin America order intake was up for both the Equipment division and the Process Technology division. The development was positive across the line as growth was reported for base business, Parts & Service and larger orders. The best development was in Energy & Environment, Food Technology and Sanitary Equipment. The countries with the best performance were Argentina, Brazil and Peru.

Asia

Order intake showed a substantial increase in the third quarter compared with the same period last year. The performance was broad based and across most countries, with a particularly strong performance in China, India and Korea. The positive development was also broad from a segment perspective, with an especially strong performance in OEM, Sanitary and Food Technology.

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

Consolidated SEK millions	Net sales				
	Third quarter		First nine months		Full year
	2010	2009	2010	2009	2009
To customers in:					
Sweden	205	198	590	607	840
Other EU	1,652	1,840	4,837	5,915	7,941
Other Europe	473	405	1,432	1,381	1,829
USA	787	708	2,406	2,983	3,736
Other North America	154	119	462	379	575
Latin America	372	275	1,145	1,016	1,432
Africa	88	61	188	197	259
China	752	691	2,292	2,073	2,876
Other Asia	1,237	1,425	3,945	4,700	6,238
Oceania	91	92	254	232	313
Total	5,811	5,814	17,551	19,483	26,039

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

Consolidated SEK millions	Non-current assets		
	September 30		December 31
	2010	2009	2009
Sweden	1,622	1,729	1,725
Other EU	4,173	4,665	4,745
Other Europe	352	382	379
USA	2,003	1,910	1,935
Other North America	120	120	128
Latin America	160	153	178
Africa	1	1	1
Asia	3,011	2,833	3,039
Oceania	91	86	90
Subtotal	11,533	11,879	12,220
Pension assets	169	132	136
Deferred tax asset	1,253	1,301	1,367
Total	12,955	13,312	13,723

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 3 percent of net sales.

CONSOLIDATED CASH FLOWS

SEK millions	Third quarter		First nine months		Full year
	2010	2009	2010	2009	2009
Cash flow from operating activities					
Operating income	1,050	924	3,139	2,975	4,030
Adjustment for depreciation	194	172	592	517	721
Adjustment for other non-cash items	231	175	190	128	37
	1,475	1,271	3,921	3,620	4,788
Taxes paid	-416	-445	-959	-1,235	-1,533
	1,059	826	2,962	2,385	3,255
Changes in working capital:					
Increase(-)/decrease(+) of receivables	157	264	269	1,468	1,776
Increase(-)/decrease(+) of inventories	14	236	-512	936	1,439
Increase(+)/decrease(-) of liabilities	-163	63	391	-1,157	-1,233
Increase(+)/decrease(-) of provisions	51	39	-93	149	110
Increase(-)/decrease(+) in working capital	59	602	55	1,396	2,092
	1,118	1,428	3,017	3,781	5,347
Cash flow from investing activities					
Investments in fixed assets (Capex)	-92	-106	-227	-304	-451
Divestment of fixed assets	0	6	4	6	8
Acquisition of businesses	-102	-1,105	-423	-2,243	-2,177
	-194	-1,205	-646	-2,541	-2,620
Cash flow from financing activities					
Received interests and dividends	8	7	73	23	32
Paid interests	-9	-55	-108	-236	-292
Realised financial exchange differences	27	83	25	59	-5
Repurchase of shares	-	-	-253	-	-
Dividends to owners of parent company	-	-	-1,055	-949	-949
Dividends to minority owners in subsidiary	1	1	-9	-5	-6
Increase(-)/decrease(+) of financial assets	-126	-147	-246	181	213
Increase(+)/decrease(-) of borrowings	-640	-8	-660	-130	-1,660
	-739	-119	-2,233	-1,057	-2,667
Cash flow for the period	185	104	138	183	60
Cash and bank at the beginning of the period	1,107	1,156	1,112	1,083	1,083
Translation difference in cash and bank	-91	-53	-49	-59	-31
Cash and bank at the end of the period	1,201	1,207	1,201	1,207	1,112
Free cash flow per share (SEK) *	2.20	0.53	5.63	2.94	6.46
Capex in relation to sales	1.6%	1.8%	1.3%	1.6%	1.7%
Average number of shares	419,456,315	422,039,466	420,843,698	422,039,466	422,039,466

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

During the first nine months 2010 cash flows from operating and investing activities amounted to SEK 2,371 (1,240) million. Depreciation, excluding allocated step-up values, was SEK 306 (285) million during the first nine months, whereas investments in fixed assets were SEK 227 (304) million.

CONSOLIDATED FINANCIAL POSITION

SEK millions	September 30		December 31
	2010	2009	2009
ASSETS			
Non-current assets			
Intangible assets	8,286	8,381	8,633
Property, plant and equipment	3,223	3,469	3,548
Other non-current assets	1,446	1,462	1,542
	12,955	13,312	13,723
Current assets			
Inventories	4,692	4,833	4,485
Accounts receivable	4,144	4,593	4,123
Other receivables	1,807	1,905	2,130
Derivative assets	790	563	331
Other current deposits	505	336	302
Cash and bank *	1,201	1,207	1,112
	13,139	13,437	12,483
TOTAL ASSETS	26,094	26,749	26,206
EQUITY AND LIABILITIES			
Equity			
Equity holders of the parent	12,585	11,281	12,113
Minority	148	97	116
	12,733	11,378	12,229
Non-current liabilities			
Liabilities to credit institutions	312	2,247	832
Private placement	741	766	794
Provisions for pensions and similar commitments	865	922	920
Provision for deferred tax	1,290	1,199	1,390
Other provisions	421	420	439
	3,629	5,554	4,375
Current liabilities			
Liabilities to credit institutions	141	257	165
Accounts payable	1,854	1,686	1,833
Advances from customers	2,071	2,232	2,019
Other provisions	1,757	1,982	1,926
Other liabilities	3,728	3,392	3,372
Derivative liabilities	181	268	287
	9,732	9,817	9,602
Total liabilities	13,361	15,371	13,977
TOTAL EQUITY & LIABILITIES	26,094	26,749	26,206

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

Consolidated	Borrowings and net debt		
	September 30		December 31
SEK millions	2010	2009	2009
Credit institutions	453	2,504	997
Private placement	741	766	794
Capitalised financial leases	120	132	154
Interest-bearing pension liabilities	2	2	2
Total debt	1,316	3,404	1,947
Cash, bank and current deposits	-1,706	-1,543	-1,414
Net debt	-390	1,861	533

Alfa Laval has a senior credit facility with a banking syndicate of EUR 268 million and USD 348 million, corresponding to SEK 4,791 million. At September 30, 2010 the facility was not utilised. The facility matures in April 2012.

The private placement of USD 110 million matures in 2016.

CHANGES IN CONSOLIDATED EQUITY

SEK millions	Third quarter		Full year
	2010	2009	2009
At the beginning of the period	12,229	10,493	10,493
Changes attributable to:			
Equity holders of the parent			
Comprehensive income			
Comprehensive income for the period	1,783	1,852	2,684
Transactions with shareholders			
Repurchase of shares	-253	-	-
Increase of ownership in subsidiaries with a minority owner	-3	-	-
Dividends	-1,055	-949	-949
	-1,311	-949	-949
Subtotal	472	903	1,735
Minority			
Comprehensive income			
Comprehensive income for the period	16	17	37
Transactions with shareholders			
Decrease of minority in subsidiaries	-2	-65	-65
Minority in acquired company	27	35	35
Dividends	-9	-5	-6
	16	-35	-36
Subtotal	32	-18	1
At the end of the period	12,733	11,378	12,229

Ownership and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 34,070 (32,081) shareholders on September 30, 2010. The largest owner is Tetra Laval B.V., the Netherlands who owns 18.7 (18.7) percent. Next to the largest owner there are nine institutional investors with ownership in the range of 8.9 to 1.1 percent. These ten largest shareholders own 46.6 (49.5) 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 and the business cycle. It is the company's opinion that the description of risks made in the Annual Report for 2009 is still correct.

Asbestos-related lawsuits

The Alfa Laval Group was as of September 30, 2010, named as a co-defendant in a total of 571 asbestos-related lawsuits with a total of approximately 662 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 April 1, 2010 Alfa Laval acquired Astepo S.r.l. in Italy. The company is recognized for its solid know-how in aseptic technology, with key products such as bag-in-box fillers and heat exchangers targeting the global fruit juice concentrate industry. The company had sales of about SEK 70 million in 2009 and some 20 employees.

On April 1, 2010 Alfa Laval acquired 65 percent of the shares in Si Fang Stainless Steel Products Co. Ltd in China, which is a leading fluid handling company in China. The company targets the food and beverage market in China with its sanitary product portfolio, including pumps, valves and fittings, with sales of about SEK 150 million in 2009 and some 400 employees. Si Fang will continue to offer its own product range, under its own brand and through its own sales network.

On January 6, 2010 Alfa Laval acquired a well established service company in the US, that is a leading service provider on the North American market specialized in plate heat exchangers. The company will add sales of about SEK 100 million. The company will remain a separate organisation as they will continue to offer their own products and services to the industry under their own brand.

On January 5, 2010 Alfa Laval acquired Champ Products Inc., based in Sarasota, Florida, the US. The company is recognized for its deep knowledge of engine cooling and is today perceived as a leading company in the North American market, with sales of about SEK 100 million in 2009 and some 75 employees.

Parent company

The parent company's result after financial items was SEK 157 (204) million, out of which net interests were SEK 4 (11) million, realised and unrealised exchange rate gains and losses SEK -3 (-12) million, dividends from subsidiaries SEK 164 (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 -4 (-3) million and the net of other operating income and costs the remaining SEK -0 (-3) million.

PARENT COMPANY INCOME *

SEK millions	Third quarter		First nine months		Full year
	2010	2009	2010	2009	2009
Administration costs	-2	-1	-8	-7	-11
Other operating income	0	-	0	14	14
Other operating costs	0	0	0	-3	-4
Operating income/loss	-2	-1	-8	4	-1
Dividends	-	-	164	201	3,201
Group contributions	-	-	-	-	878
Interest income and similar result items	4	1	4	20	23
Interest expenses and similar result items	-1	-11	-3	-21	-22
Result after financial items	1	-11	157	204	4,079
Appropriation to tax allocation reserve	-	-	-	-	-225
Income tax	0	3	2	-1	-177
Net income for the period	1	-8	159	203	3,677

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

PARENT COMPANY FINANCIAL POSITION

SEK millions	September 30		December 31
	2010	2009	2009
ASSETS			
Non-current assets			
Shares in group companies	4,669	4,669	4,669
Current assets			
Receivables on group companies	4,948	2,431	6,298
Other receivables	155	173	6
Cash and bank	-	-	-
	5,103	2,604	6,304
TOTAL ASSETS	9,772	7,273	10,973
EQUITY AND LIABILITIES			
Equity			
Restricted equity	2,387	2,387	2,387
Unrestricted equity	6,171	3,847	7,321
	8,558	6,234	9,708
Untaxed reserves			
Tax allocation reserves, taxation 2005-2010	1,202	977	1,202
Current liabilities			
Liabilities to group companies	12	16	55
Accounts payable	0	0	0
Tax liabilities	-	46	8
	12	62	63
TOTAL EQUITY AND LIABILITIES	9,772	7,273	10,973

Repurchase of shares

The Annual General Meeting 2010 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 mandate referred to repurchase of up to 5 percent of the issued shares with the purpose to cancel the repurchased shares and reduce the share capital. The repurchase would be made through purchases on OMX Nordic Exchange Stockholm. Until September 30, 2010 Alfa Laval has made the following repurchases:

Specification of repurchase of shares			
	Second quarter 2010	Third quarter 2010	Total 2010
Number of repurchased shares	2,583,151	0	2,583,151
Percentage of outstanding shares	0.6%	0.0%	0.6%
Cash-out and decrease in parent company and consolidated equity (SEK millions)	-253	0	-253

Accounting principles

The interim report for the third quarter 2010 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 interim report for the third quarter 2010 as for the annual report for 2009, with the exception of the changes in IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements. The changes in IFRS 3 and IAS 27 mean that:

- Transaction costs must be reported in the comprehensive income statement instead of as until now be added to the acquisition value, which affects reported goodwill.
- If the value of an additional purchase price is changed the difference must be reported in the comprehensive income statement instead of as until now adjust the acquisition price, which affects reported goodwill.
- In business combinations achieved in stages the goodwill must be calculated and valued when the acquirer obtains control over a business. If the acquirer previously has reported an equity interest in the company the accumulated change in value of the holding is to be recognised in the comprehensive income statement at the acquisition date. Until now the goodwill has been calculated and reported at each acquisition date.
- The minority interest can be measured at fair value. This does not exclude that the minority interest still can be measured based on the acquired company's net assets.
- Changes in holdings in subsidiaries, where the majority owner does not lose its decisive influence, must be reported in equity. This has until now been an unregulated area. This means that these transactions no longer will generate goodwill or lead to any gains or losses.
- If the minority's share of reported losses is higher than its reported share of the equity, a negative minority share should be reported instead of as until now be charged to the equity attributable to the equity holders of the parent company.

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.

Date for the next financial reports

The fourth quarter and full year 2010 report will be published on February 8, 2011.

Alfa Laval will publish interim reports during 2011 at the following dates:

Interim report for the first quarter	April 27
Interim report for the second quarter	July 19
Interim report for the third quarter	October 20

Nomination Committee for the Annual General Meeting 2011

In accordance with a resolution taken at the Annual General Meeting of Alfa Laval AB on April 26, 2010, 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 2011. The following persons have accepted to be part of the Nomination Committee: Jörn Rausing, Tetra Laval, Lars-Åke Bokenberger, AMF Pension, Bo Selling, Alecta, Jan Andersson, 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 Wednesday April 27, 2011, 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.

Events after the closing date

In a press release on October 18, 2010 Alfa Laval announced that it does not complete its public offer to the shareholders in Munters.

The interim report has been issued on October 22, 2010 at CET 7.30 a.m. by the President and Chief Executive Officer Lars Renström by proxy from the Board of Directors.

Lund, October 22, 2010,

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