ALFA LAVAL

Report for Q3 2011

- Orders received and margins
- Highlights
- Development per segment
- Geographical development
- Financials
- Outlook

Mr. Lars Renström
President and CEO
Alfa Laval Group

Key figures

July – September 2011

- Orders received rose 31% to SEK 8,018 million.
- Net sales increased 30% to SEK 7,571 million.
- Adjusted EBITA up 25% at SEK 1,431 million.
- Adjusted EBITA margin 18.9% vs 19.6%

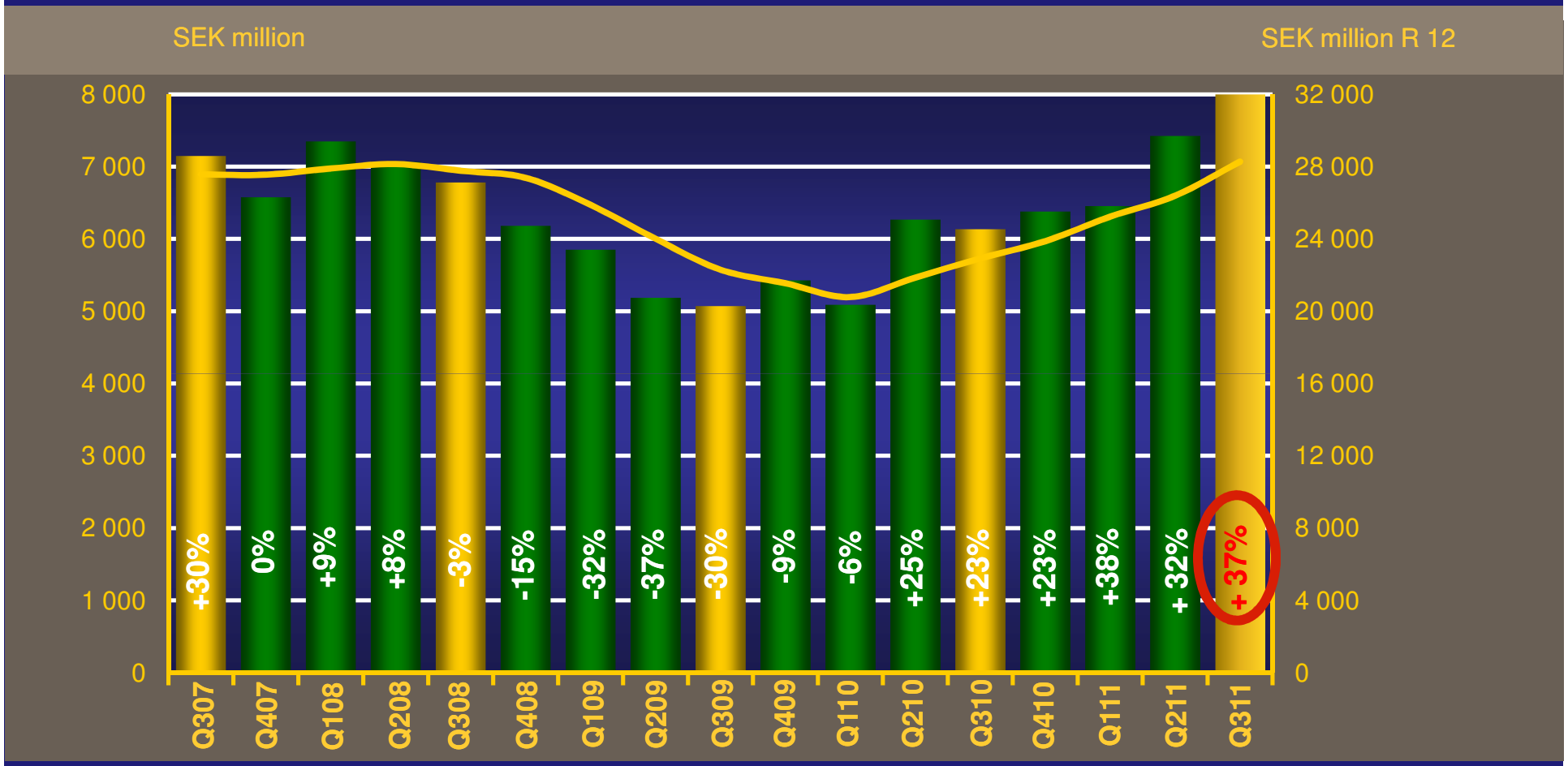
- Negative currency effect SEK 114 million.

January – September 2011

- Orders received rose 25% to SEK 21,897 million.
- Net sales increased 17% to SEK 20,503 million.
- Adjusted EBITA up 17% at SEK 3,900 million.
- Adjusted EBITA margin 19.0 % vs 19.1%

- Negative currency effect SEK 388 million.

Orders received



= *rolling twelve months value*

= *order intake per quarter*

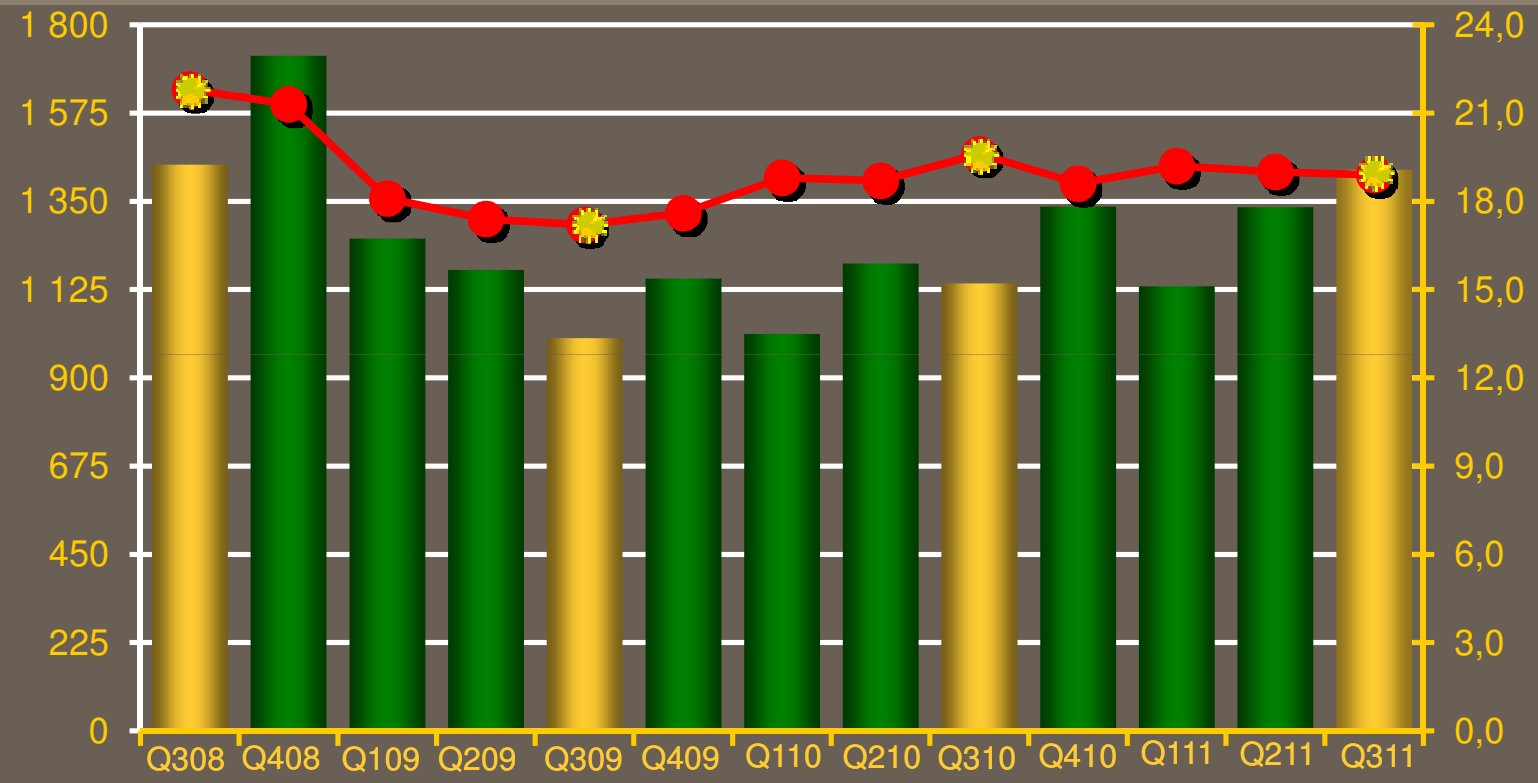
+xx% = % development at constant rates by quarter, year on year

Order analysis

	July – Sep 2011
2010 (SEK millions)	**6,134**
Structural change, %	**+ 16.1**
Currency effects,%	**- 6.6**
Organic development, %	**+ 21.2**
Total, %	**+ 30.7**
2011 (SEK million)	**8,018**

Adjusted EBITA / margin *

SEK millions and in percent of sales



** Adjusted EBITA – "Earnings before interests, taxes, amortization of goodwill and step up values and comparison distortion items."*

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Highlights during the quarter

Total large orders SEK 525 Mln (270 Mln)

- Order from petrochemical plant in Singapore.

  Alfa Laval will supply Packinox heat exchangers to be used in a catalytic processing section. The order is worth approximately SEK 110 million and delivery is scheduled for 2012.

Highlights during the quarter

Total large orders SEK 525 Mln (270 Mln)

- Order from petrochemical plant in Singapore.
- Heat exchanger order from South Korean contractor.

  Order for heat exchangers to be installed in the UAE's first nuclear power plant .The order is worth approximately SEK 60 million and deliveries scheduled to start in 2013 and be completed in 2018.

Highlights during the quarter

Total large orders SEK 525 Mln (270 Mln)

- Order from petrochemical plant in Singapore.
- Heat exchanger order from South Korean contractor.
- Energy efficiency order in China.

  Order to supply compact heat exchangers to a value of approximately SEK 50 million, to a petrochemical plant in China. Delivery is scheduled for 2012.

Highlights during the quarter

Total large orders SEK 525 Mln (270 Mln)

- Order from petrochemical plant in Singapore.
- Heat exchanger order from South Korean contractor.
- Energy efficiency order in China.
- Natural gas order in the Middle East.

  Order for heat exchangers from a Japanese engineering company for a new natural gas project in Qatar. The contract is worth approximately SEK 90 million and delivery is scheduled for 2012.

Highlights during the quarter

Total large orders SEK 525 Mln (270 Mln)

- Order from petrochemical plant in Singapore.
- Heat exchanger order from South Korean contractor.
- Energy efficiency order in China.
- Natural gas order in the Middle East.
- Processing line for baby food production in India.
  The order is for a variety of products for mixing, heating and cooling operations, including heat exchangers and flow equipment. The value is approximately SEK 100 million and delivery is scheduled for 2013.

Highlights during the quarter

Total large orders SEK 525 Mln (270 Mln)

- Order from petrochemical plant in Singapore.
- Heat exchanger order from South Korean contractor.
- Energy efficiency order in China.
- Natural gas order in the Middle East.
- Processing line for baby food production in India.
- Energy-efficiency order in Kazakhstan.
  The order is worth approximately SEK 55 million and includes Alfa Laval Packinox heat exchangers to a refinery. Delivery is scheduled for 2012.

Highlights during the quarter

Total large orders SEK 525 Mln (270 Mln)

- Order from petrochemical plant in Singapore.
- Heat exchanger order from South Korean contractor.
- Energy efficiency order in China.
- Natural gas order in the Middle East.
- Processing line for baby food production in India.
- Energy-efficiency order in Kazakhstan.
- Industrial wastewater treatment order in Canada.
  The order is for newly developed equipment for the cleaning of wastewater. The value totals approximately SEK 60 million and delivery is scheduled for 2012.

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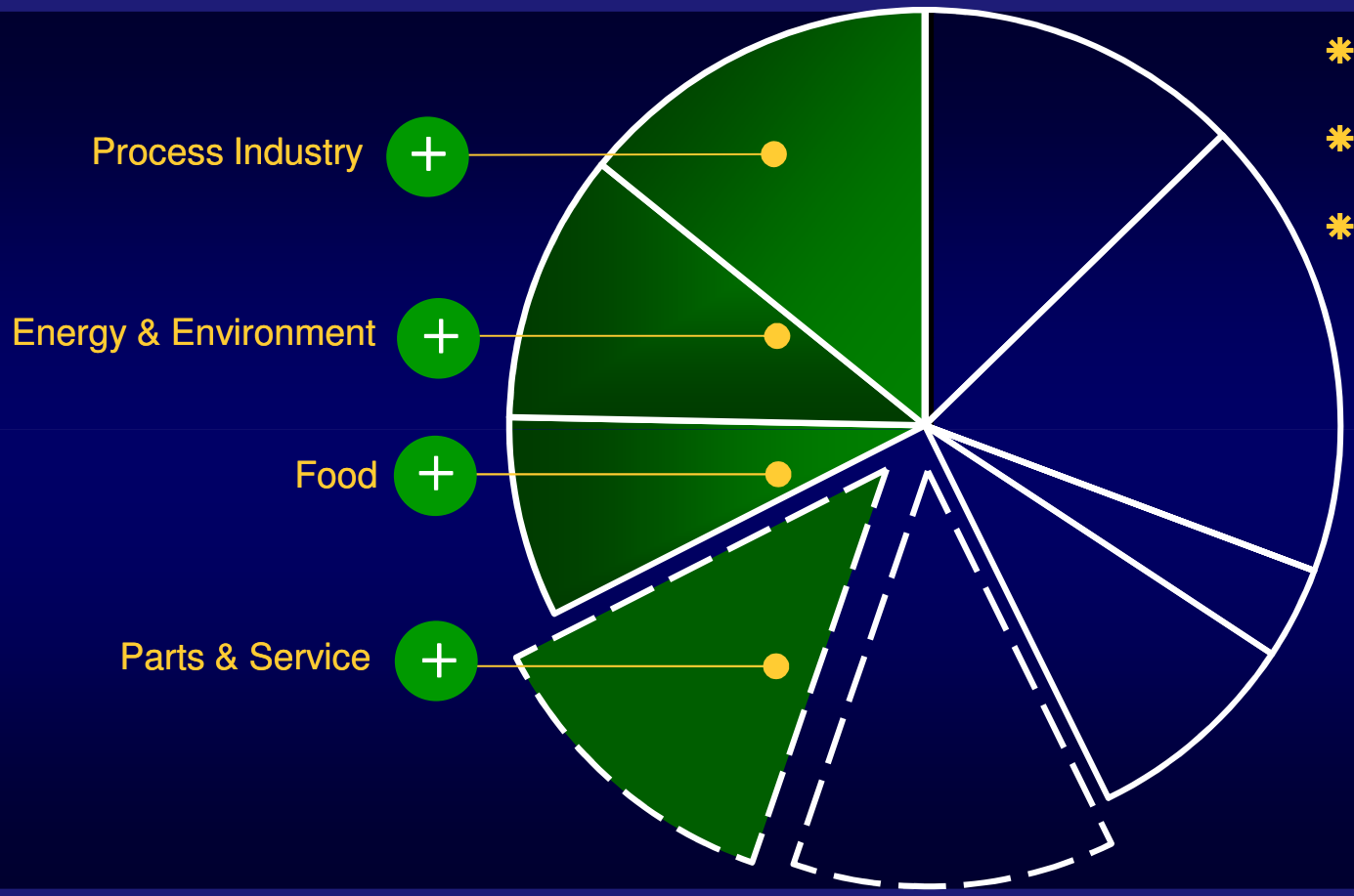
Orders received by customer segment

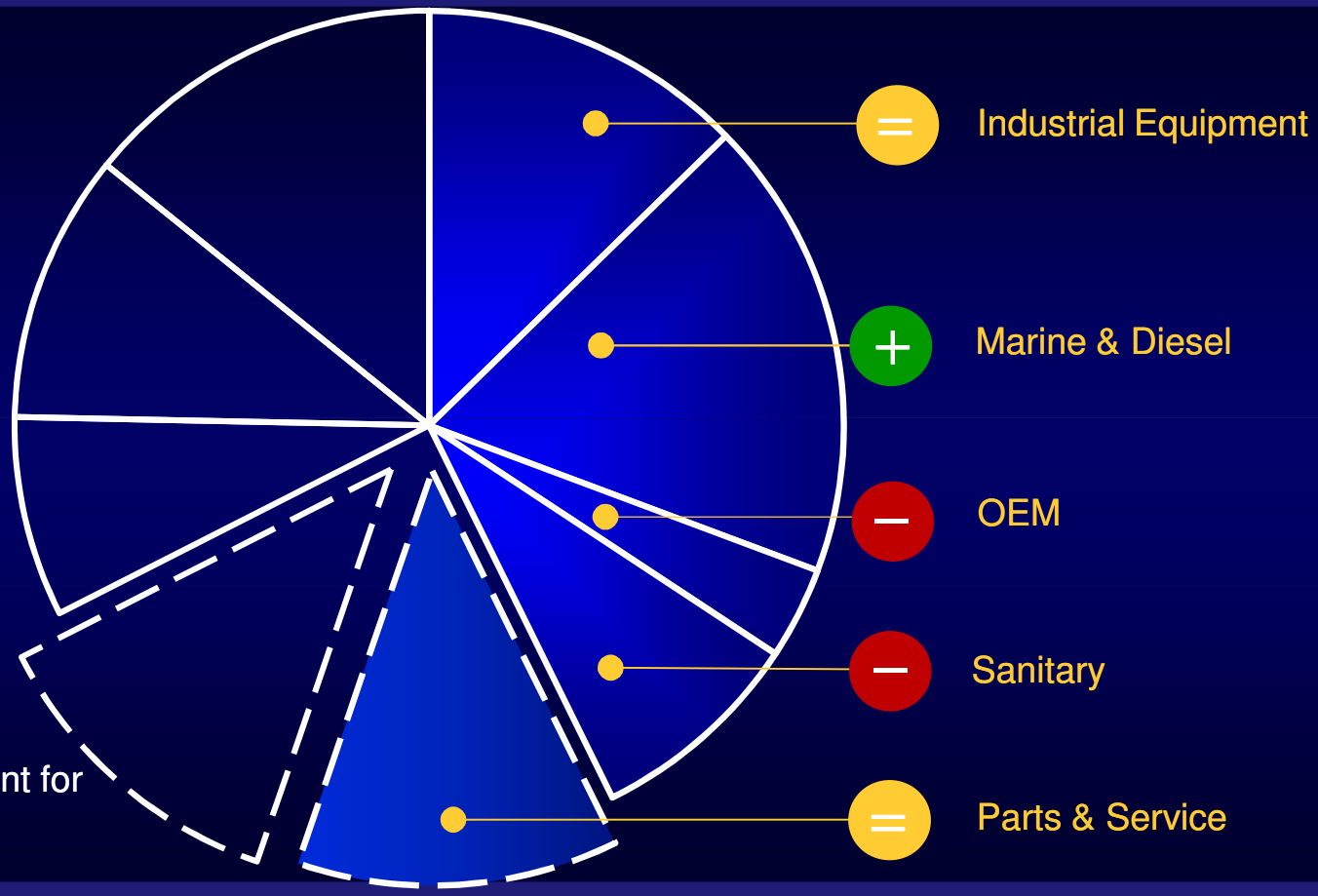
Process Technology Division July – September 2011, at constant rates



- Oil & Gas lifted by continued capacity-related investments
- Continued high activity for Process Industry
- Very strong development in Food Technology

Orders received by customer segment

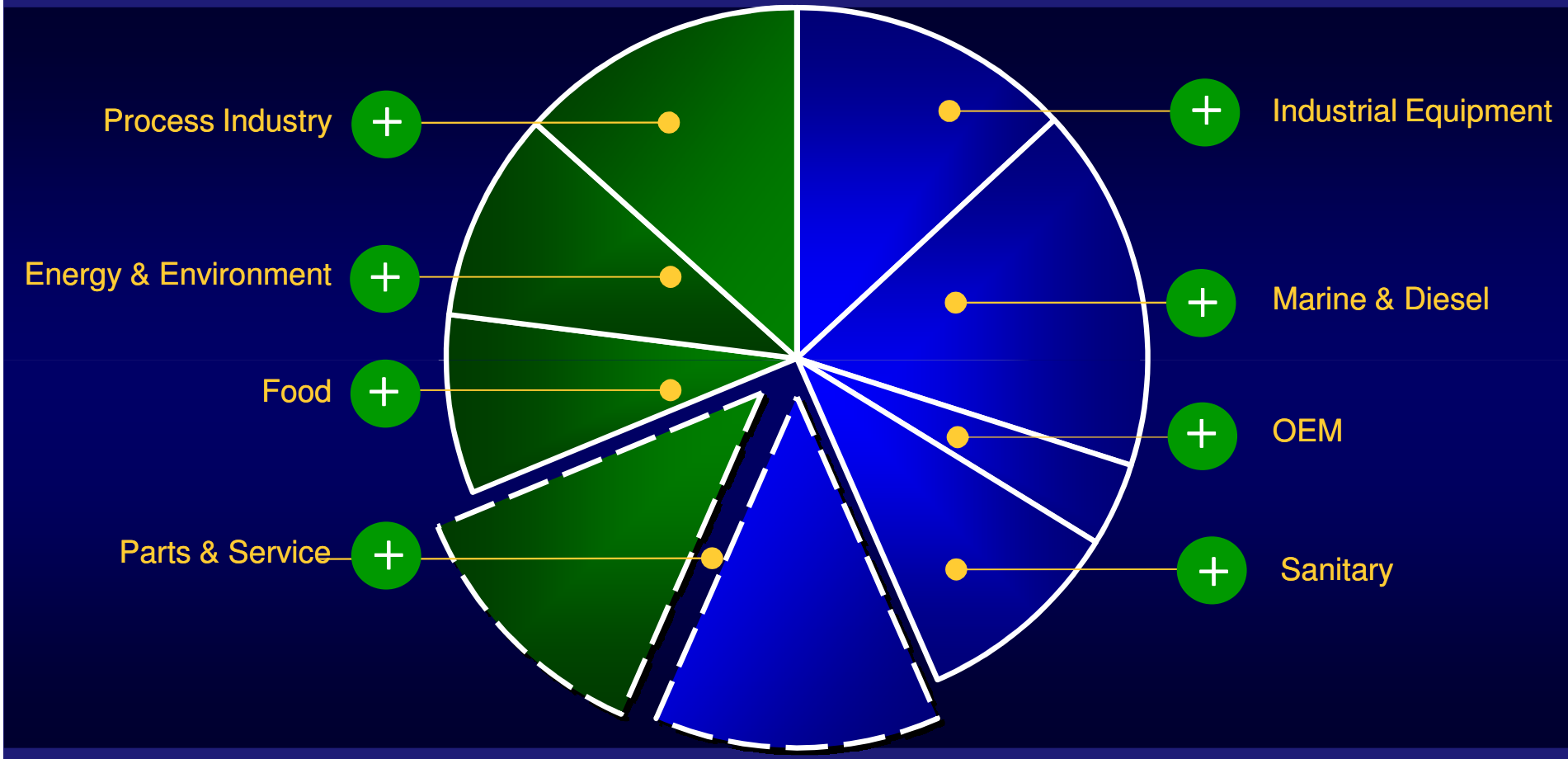
Equipment Division, July – September 2011, at constant rates



- Sanitary and OEM affected by the macroeconomic uncertainty
- Continued strong development for Marine & Diesel

Orders received by customer segment

January – September 2011, at constant rates



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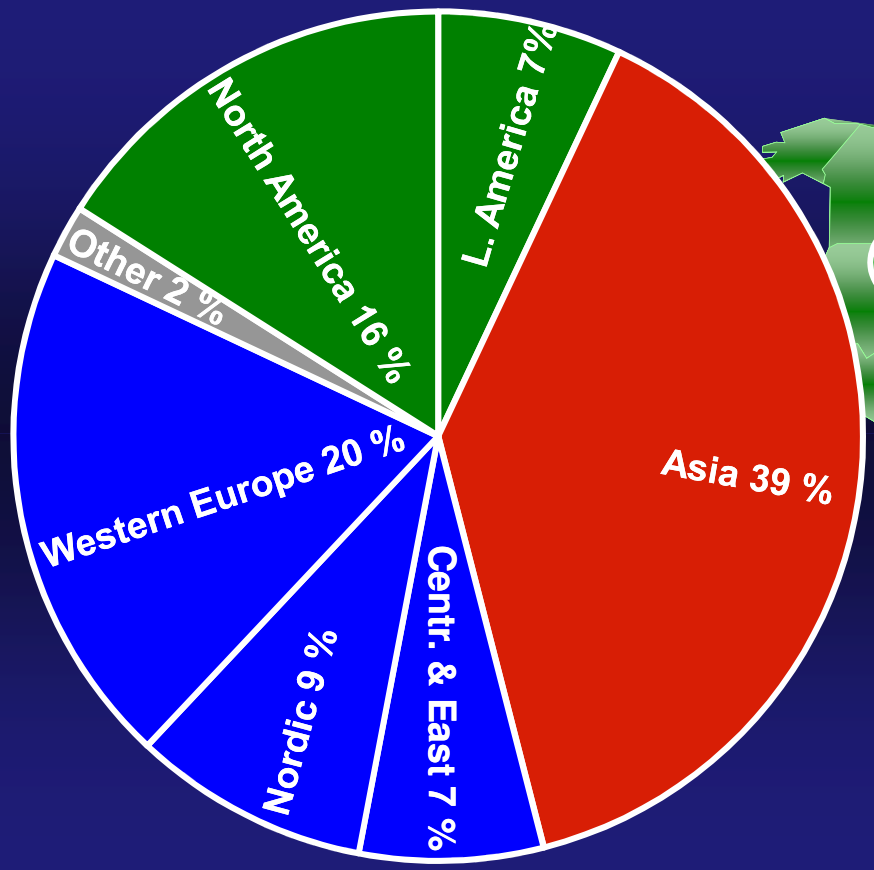
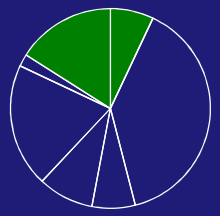
Orders received by Region

July – September 2011, at constant rates



Highlights Americas

July – September 2011, at constant rates



North America

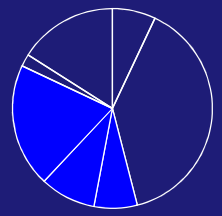
- Oil & Gas lifted by continued capacity investments
- Base business had a good development as did Parts & Service

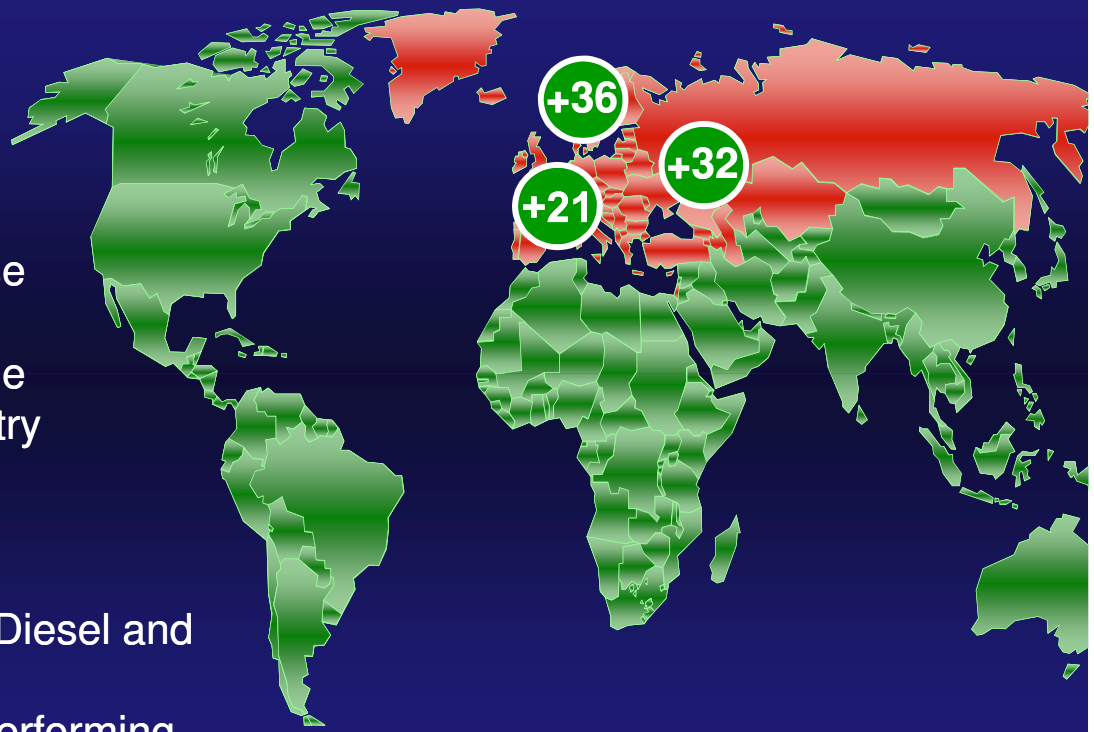
Latin America

- Growth reported for both divisions
- Particularly strong development in Process Industry, Food and Industrial Equipment

Highlights Europe

July – September 2011, at constant rates





Western Europe incl. Nordic

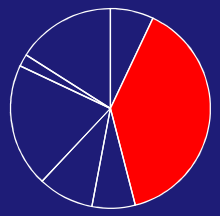
- Continued growth in the base business
- Industrial Equipment , Marine & Diesel and Process Industry performed the best

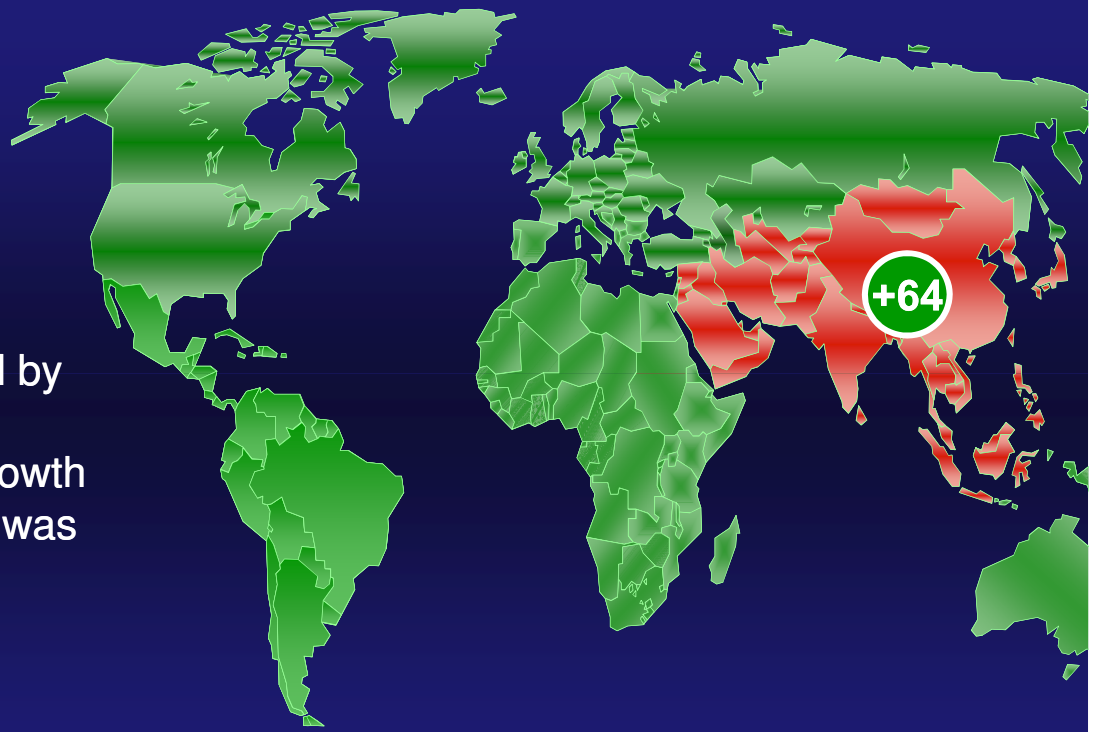
Central and Eastern Europe

- Process Industry, Marine & Diesel and Food did particularly well
- Russia was the strongest performing country

Highlights Asia

July – September 2011, at constant rates



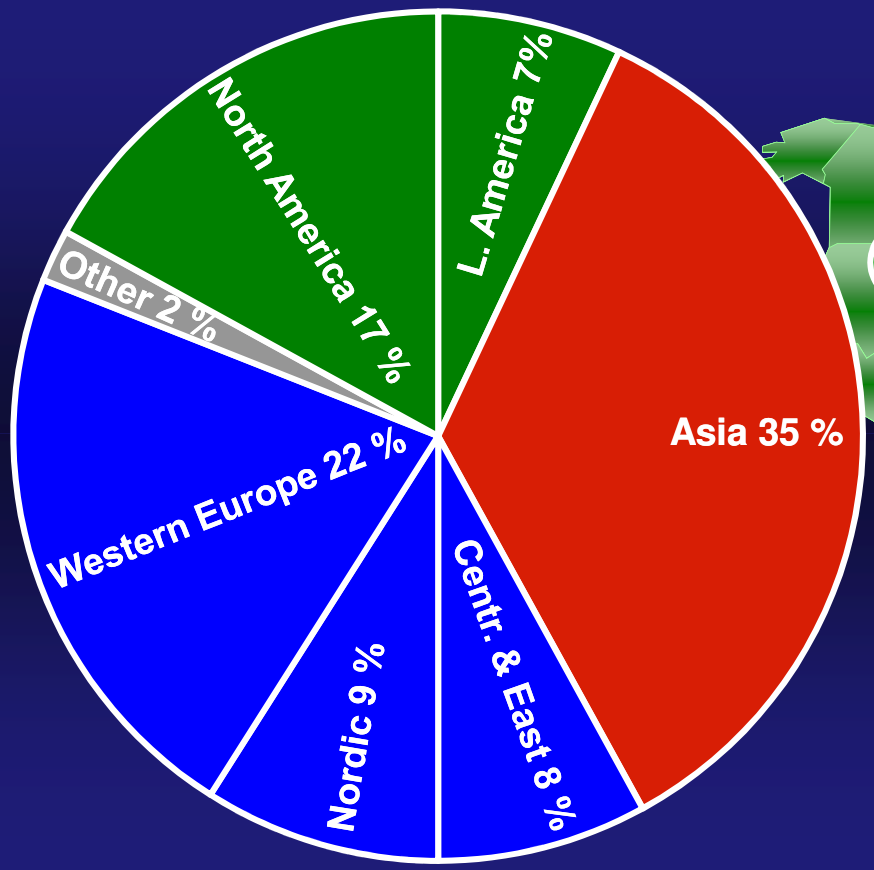


Asia

- Process Technology boosted by good project activity
- Marine showed continued growth
- Geographically the increase was broad-based

Orders received by Region

Jan – September 2011, at constant rates



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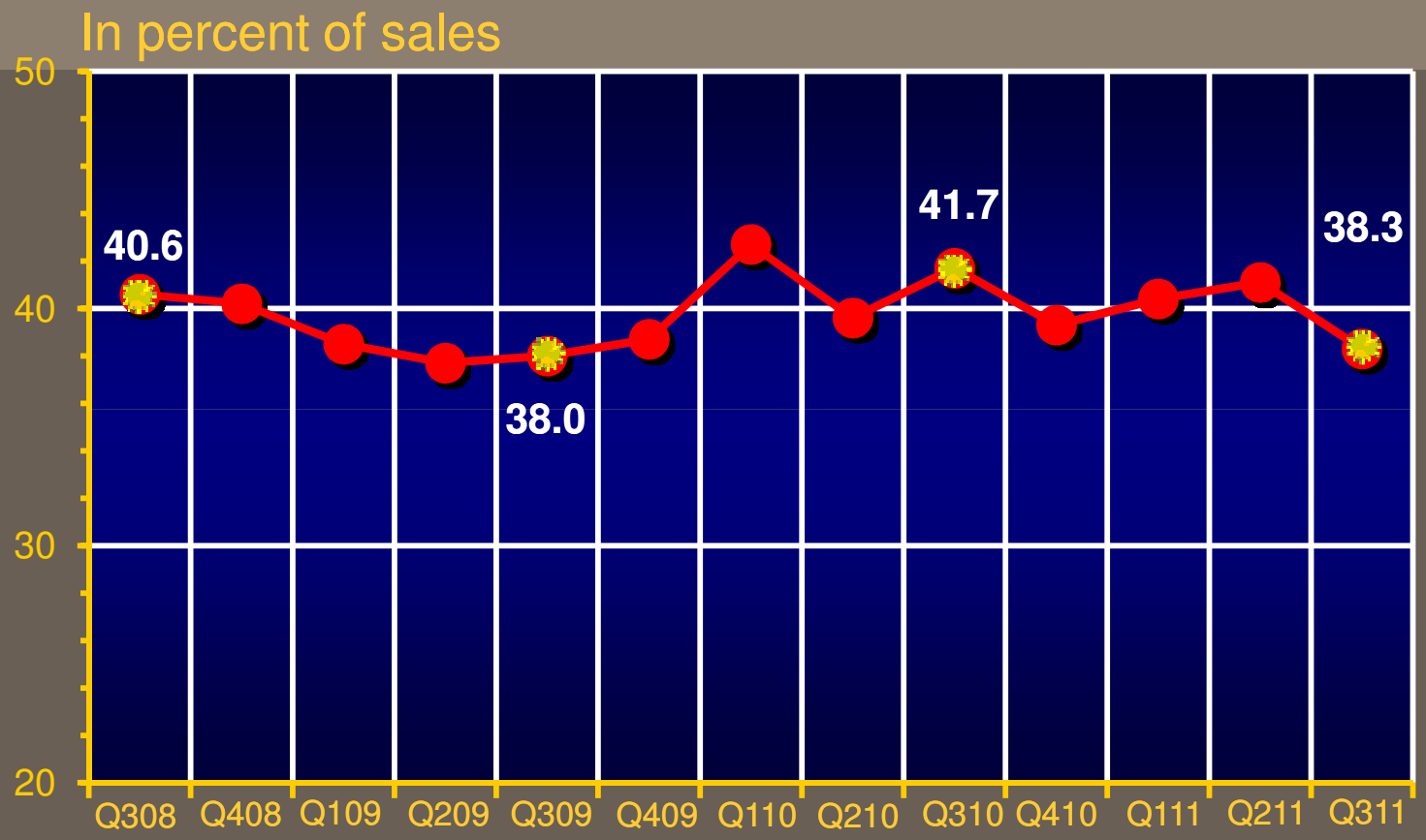
Mr. Thomas Thuresson
CFO
Alfa Laval Group

Highlights

SEK millions	July – September 2011
Order intake	**8,018**
Net sales	**7,571**

Gross profit margin



Highlights

SEK millions	July – September 2011
Order intake	8,018
Net sales	7,571
Adjusted EBITA	1,431
Adjusted EBITA-margin	18.9%
Profit before tax	1,113

Earnings per share

	July – Sep.		Jan – Sep.	
	2011	2010	2011	2010
Earnings	1.84	1.78	5.47	5.20
Earnings, excluding step-up	2.05	1.95	5.99	5.70

Highlights

SEK millions	July – Sep. 2011
Order intake	8,018
Net sales	7,571
Adjusted EBITA	1,431
Adjusted EBITA-margin	18.9%
Profit before tax	1,113
Cash flow from operating activities	1,031
ROCE	31.8%
ROE	23.5%

Cash-flow statement

SEK millions	Jan – Sep. 2011	Jan – Sep. 2010
Cash flow from		
- operating activities	+2138	+3,017
- investing activities	- 5,236	- 646
Financial net paid	+ 141	- 10
Total	-2,957	2,361
Pro Forma Free cash-flow*	1,996	2,780

**Incl. operating activities, capital expenditure and financial net paid.*

3Q Pro Forma Free cash-flow*	783	1,052

Proposal to delist Alfa Laval India Ltd.

- On Sept. 19th, Alfa Laval announced the aim to achieve full ownership of its subsidiary Alfa Laval India Ltd and seek delisting.

- To be able to complete the acquisition, two thirds of all minority shareholders, participating in a postal ballot, must back the proposal for delisting. Furthermore, minority shareholders together holding at least 50 percent of the public float, must be willing to sell at the final price that Alfa Laval accepts, based on a reverse book building process.

- As part of the process a floor price has been established of INR 2 045 per share, equivalent to a total cost for Alfa Laval AB of SEK 583 million. The actual cost is dependent on the fixing of the final price.

- Once Alfa Laval reaches an ownership of at least 94.4 percent, the company can go ahead and apply for delisting.

Foreign exchange

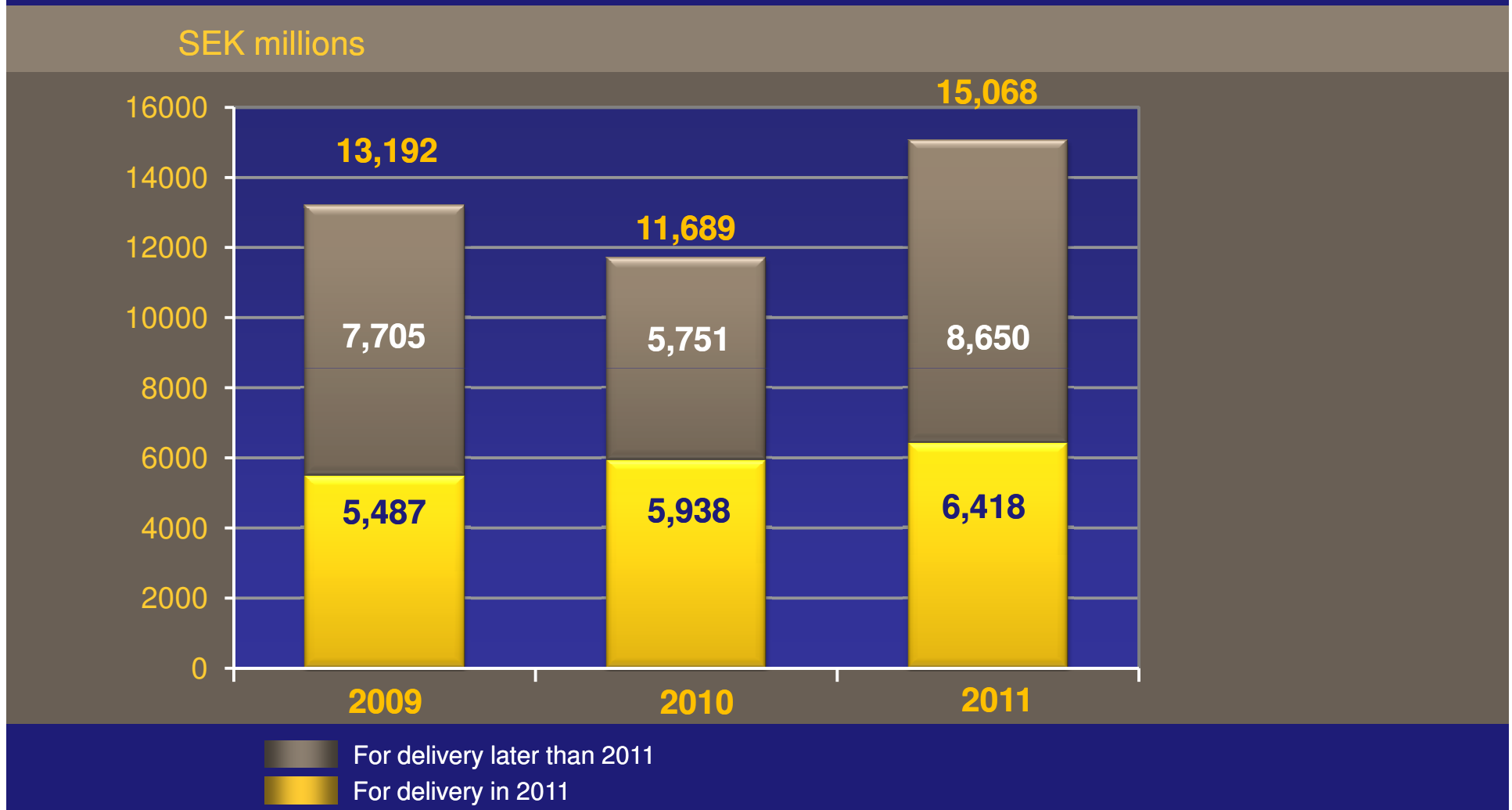
Estimated impact on adjusted EBITA from FX fluctuations

SEK million	Q3 11	9M 11	WY 11	WY 12*
Translation effect	-65	-267	- 200	-
Transaction effect	-49	-121	-210	-180
Total	-114	-388	-410	-180

**Based on EUR/USD 1.34 and EUR/SEK 9.20*

Projected FX-effect for 2011 as communicated with the Q2 report SEK -455 million

Order backlog as per Sep. 30



Sales

Full year 2011

		SEK (bln)
Full year 2010		24.7
FX-translation	-	1.5
Subtotal		23.2
Orders “in-for-out”		?
Price		?
Acquisitions (incl Olmi)	+	0.7
Aalborg (8 months as 2010)	+	2.0
Full year 2011		

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Outlook for the fourth quarter

"We expect that demand during the fourth quarter 2011 will be in line with or somewhat lower than in the third quarter."

ALFA LAVAL