

Fourth quarter and full year 2013



Summary

SEK millions	Fourth quarter				Full year			
	2013	2012	%	% *	2013	2012	%	% *
Order intake	8,170	7,252	13	16	30,335	30,339	0	4
Net sales	8,646	8,119	6	9	29,934	29,813	0	4
Adjusted EBITA	1,412	1,340	5		4,914	4,934	0	
- adjusted EBITA margin (%)	16.3	16.5			16.4	16.5		
Result after financial items **	1,201	1,172	2		4,172	4,529	-8	
Net income for the period	871	918	-5		3,040	3,223	-6	
Earnings per share (SEK)	2.07	2.17	-5		7.22	7.64	-5	
Cash flow ***	1,228	917	34		4,228	3,586	18	
Impact on EBITA of:								
- foreign exchange effects	-45	-63			-187	-139		
Impact on result after financial items of:								
- comparison distortion items	-	-51			-	-51		

* excluding exchange rate variations ** Full year includes financial exchange rate differences of SEK -91 (259) million *** from operating activities

Comment from Lars Renström, President and CEO

“Order intake in the quarter reached a new record level of SEK 8.2 billion. The base business developed well at the same time as we saw a strong development for large orders that had a good spread between energy, food and environmental applications. Net invoicing reached SEK 8.6 billion, also that a new record level.

Within Process Technology the Energy & Environment and Food Technology segments contributed to the division achieving yet another record quarter. At the same time Marine & Diesel delivered strong growth, driven by an increasing contracting at the shipyards during the year. The environmental solutions Alfa Laval Pure SOx and Pure Dry also contributed to the fine development. Equipment’s order intake in total

was unchanged. The Sanitary segment showed continued growth due to good demand from the food sector and producers of personal care products.

Central and Eastern Europe showed strong growth, mainly driven by a broad based upturn in Russia within amongst other food and nuclear power. North America had strong growth, mainly due to large orders within oil extraction and petro chemistry, but also the base business and Service reported a good development. In the Nordic countries it was large contracts for oil extraction in the North Sea that contributed to the good growth. China’s upturn continued, with a very good development within several areas, including Marine & Diesel.”

Outlook for the first quarter

“We expect that demand during the first quarter 2014 will be in line with or somewhat lower than in the fourth quarter.”

Earlier published outlook (October 29, 2013): “We expect that demand during the fourth quarter 2013 will be on about the same level as in the third quarter.”

The Board of Directors will propose a dividend of SEK 3.75 (3.50) per share and a mandate for repurchase of up to 5 percent of the issued shares to the Annual General Meeting.

The fourth quarter and full year 2013 report has been reviewed by the company’s auditors, see page 25 for the review report.

Management's discussion and analysis

Important events during the fourth quarter

During the fourth quarter 2013 Alfa Laval received large orders¹⁾ for more than SEK 900 (450) million:

- An order in Russia to supply a complete process line for a vegetable protein extraction plant. The order, booked in the Food Technology segment, has a value of approximately SEK 75 million. Delivery is scheduled for 2014.
- An order from a South Korean company for freshwater generators to an offshore oil platform in Norway. The order, booked in the Energy & Environment segment, has a value of approximately SEK 90 million. Delivery is scheduled for 2014.
- An order to supply Alfa Laval PureSOx exhaust gas cleaning systems to the Dutch ship owner Spliethoff. The order is booked in the Marine & Offshore Systems segment and delivery is scheduled for 2014. Due to a confidentiality agreement Alfa Laval is unable to disclose the value of the order.
- An order to supply equipment to a major brewery in Brazil. The order, booked in the Food Technology segment, has a value of approximately SEK 165 million and delivery is scheduled to start in 2014 and be finalized in 2015.
- An order to supply compact heat exchangers to a crude oil production facility in Canada. The order, booked in the Energy & Environment segment, has a value of approximately SEK 100 million. Deliveries are scheduled for 2014 and 2015.
- An order to supply Alfa Laval OLMI heat exchangers to a petrochemical plant in the US. The order, booked in the Process Industry segment has a value of approximately SEK 60 million. Deliveries are scheduled for 2014 and 2015.
- An order to supply equipment to an offshore oil platform in the North Sea. The order, booked in Energy & Environment segment, has a value of approximately SEK 50 million and delivery is scheduled for 2014.
- An order to supply equipment to a Russian processing plant. The order, booked in the Process Industry segment, has a value of approximately SEK 100 million and delivery is scheduled for 2014.
- An order from a leading Australian energy company to supply a unique water-treatment system for cleaning wastewater from natural gas production. The order, booked in the Energy & Environment segment, is worth approximately SEK 90 million and delivery is scheduled for 2014.
- An order for compact heat exchangers to a nuclear power plant in Russia. The order, booked in the Energy & Environment segment, has a value of approximately SEK 90 million and delivery is scheduled to start in 2014 and be finalized in 2016.

In addition it can be noted that Alfa Laval:

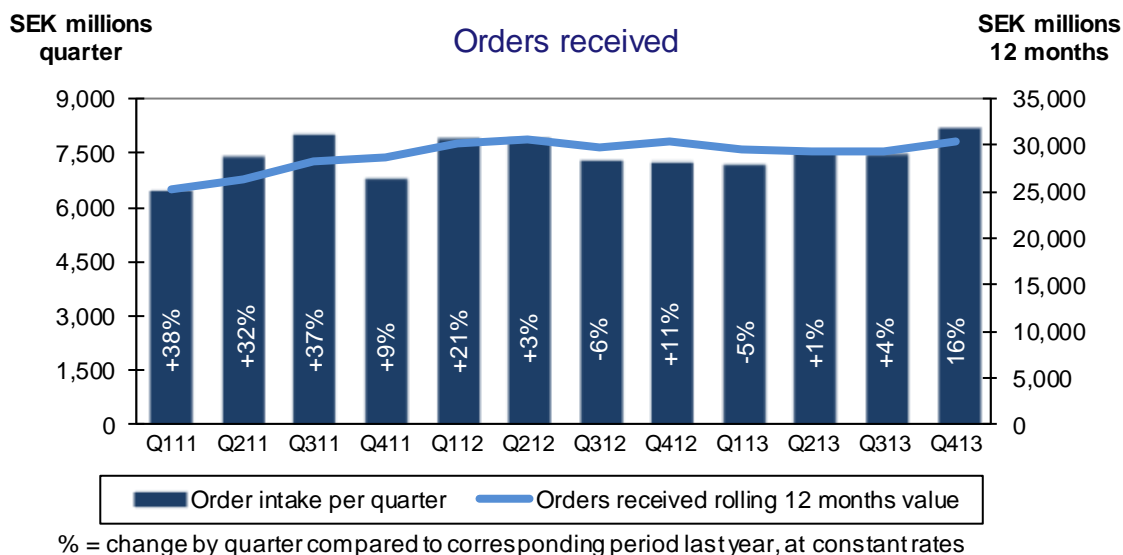
- has won an order from one of the leading global carriers of the world to supply the Alfa Laval PureDry waste fuel recovery system to 40 vessels. The Alfa Laval PureDry system recovers all reusable fuel from a vessel's waste fuel oil.

1. Orders with a value over EUR 5 million.

Order intake

Orders received amounted to SEK 8,170 (7,252) million for the fourth quarter and to SEK 30,335 (30,339) million for the full year 2013. Compared

with earlier periods the development per quarter has been as follows.



The change compared with the corresponding periods last year can be split into:

	Consolidated	Order bridge					Order intake
		Change					
		Order intake	Excluding currency effects			After currency effects	
2012	Structural change ²⁾	Organic development ³⁾	Total	Currency effects	Total	2013	
SEK millions	(%)	(%)	(%)	(%)	(%)	SEK millions	
Fourth quarter	7,252	1.3	14.3	15.6	-2.9	12.7	8,170
Full year	30,339	2.2	1.6	3.8	-3.8	0.0	30,335

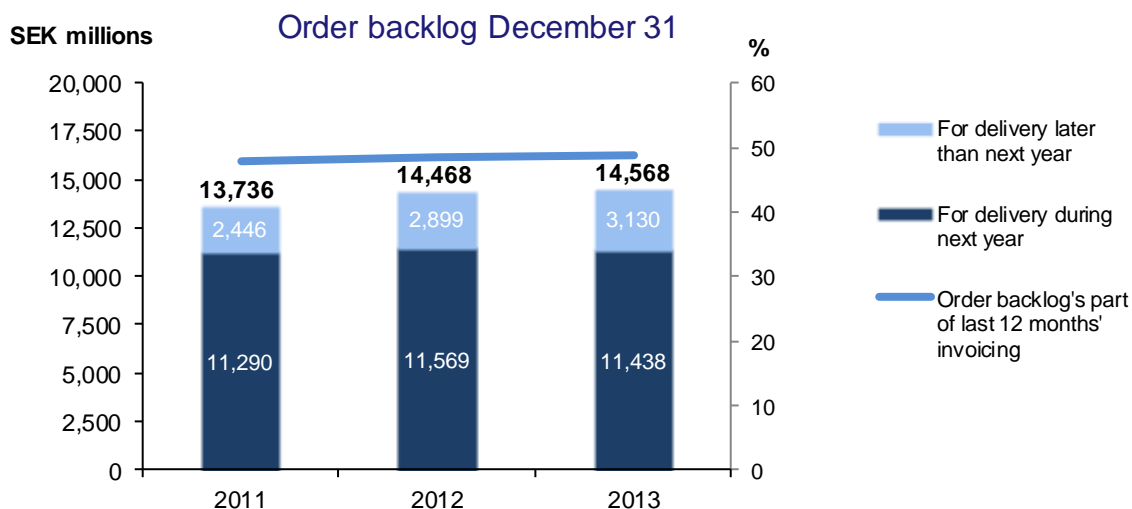
Compared to the previous quarter the Group's order intake excluding currency effects was 9.5 percent higher. The corresponding organic development was an increase by 9.5 percent.

Orders received from Service (formerly Parts & Service) constituted 24.9 (27.6) percent of the Group's total orders received during the fourth quarter and 26.8 (26.4) percent during the full year 2013.

Excluding currency effects, the order intake for Service increased by 4.4 percent during the fourth quarter 2013 compared to the corresponding quarter last year and decreased with 0.9 percent compared to the previous quarter. For the full year 2013 the increase was 5.8 percent compared to last year.

- Acquired businesses are: Niagara Blower Company at May 29, 2013, Air Cooled Exchangers, LLC (ACE) at December 31, 2012, Gamajet Cleaning Systems Inc at August 23, 2012, Ashbrook Simon-Hartley at August 1, 2012 and Vortex Systems at June 30, 2012.
- Change excluding acquisition of businesses.

Order backlog



Excluding currency effects and adjusted for acquisition of businesses the order backlog was

3.7 percent higher than the order backlog at the end of 2012.

Net sales

Net invoicing was SEK 8,646 (8,119) million for the fourth quarter and SEK 29,934 (29,813) million for the full year 2013. The change

compared with the corresponding periods last year can be split into:

Consolidated

Sales bridge

	Net sales 2012 SEK millions	Change					Net sales 2013 SEK millions
		Excluding currency effects			After currency effects		
		Structural change (%)	Organic development (%)	Total (%)	Currency effects (%)	Total (%)	
Fourth quarter	8,119	1.6	7.5	9.1	-2.6	6.5	8,646
Full year	29,813	2.9	1.2	4.1	-3.7	0.4	29,934

Compared to the previous quarter the Group's net invoicing excluding currency effects was 19.4 percent higher. The corresponding organic development was an increase by 19.4 percent.

Net invoicing relating to Service (formerly Parts & Service) constituted 25.7 (25.8) percent of the Group's total net invoicing in the fourth quarter and 26.7 (26.6) percent for the full year 2013.

Excluding currency effects, the net invoicing for Service increased by 9.0 percent during the fourth quarter 2013 compared to the corresponding quarter last year and increased with 16.9 percent compared to the previous quarter. For the full year 2013 the increase was 5.1 percent compared to last year.

Income

CONSOLIDATED COMPREHENSIVE INCOME

SEK millions	Fourth quarter		Full year	
	2013	2012 *	2013	2012 *
Net sales	8,646	8,119	29,934	29,813
Cost of goods sold	-5,644	-5,236	-19,349	-19,169
Gross profit	3,002	2,883	10,585	10,644
Sales costs	-752	-658	-3,481	-3,345
Administration costs	-645	-688	-1,590	-1,656
Research and development costs	-194	-209	-732	-707
Other operating income **	187	128	453	384
Other operating costs **	-328	-291	-882	-924
Operating income	1,270	1,165	4,353	4,396
Dividends and changes in fair value	3	5	8	8
Interest income and financial exchange rate gains	116	97	358	501
Interest expense and financial exchange rate losses	-188	-95	-547	-376
Result after financial items	1,201	1,172	4,172	4,529
Taxes	-330	-254	-1,132	-1,306
Net income for the period	871	918	3,040	3,223
Other comprehensive income:				
Items that will subsequently be reclassified to net income				
Cash flow hedges	8	78	13	168
Translation difference	350	32	39	-798
Deferred tax on other comprehensive income	-13	-13	-14	-50
Sum	345	97	38	-680
Items that will subsequently not be reclassified to net income				
Revaluations of defined benefit obligations	234	-277	234	-277
Deferred tax on other comprehensive income	-81	35	-81	35
Sum	153	-242	153	-242
Comprehensive income for the period	1,369	773	3,231	2,301
Net income attributable to:				
Owners of the parent	867	911	3,027	3,206
Non-controlling interests	4	7	13	17
Earnings per share (SEK)	2.07	2.17	7.22	7.64
Average number of shares	419,456,315	419,456,315	419,456,315	419,456,315
Comprehensive income attributable to:				
Owners of the parent	1,365	770	3,212	2,288
Non-controlling interests	4	3	19	13

* Restated to the new IAS 19, see page 23.

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

The gross profit has compared to the fourth quarter 2012 been negatively affected by mainly exchange rates and changes in mix, while the sales volume had a positive effect. Compared to the previous quarter the most prominent effects were a negative impact from changes in mix, exchange rates and a decreased factory result.

Sales and administration expenses amounted to SEK 1,397 (1,346) million during the fourth quarter and SEK 5,071 (5,001) million during the full year 2013. Excluding currency effects and

acquisition of businesses, sales and administration expenses were 3.4 percent and 1.5 percent higher respectively than the corresponding periods last year.

The costs for research and development during the full year 2013 corresponded to 2.4 (2.4) percent of net sales. Excluding currency effects and acquisition of businesses, the costs for research and development have decreased by 7.6 percent during the fourth quarter and

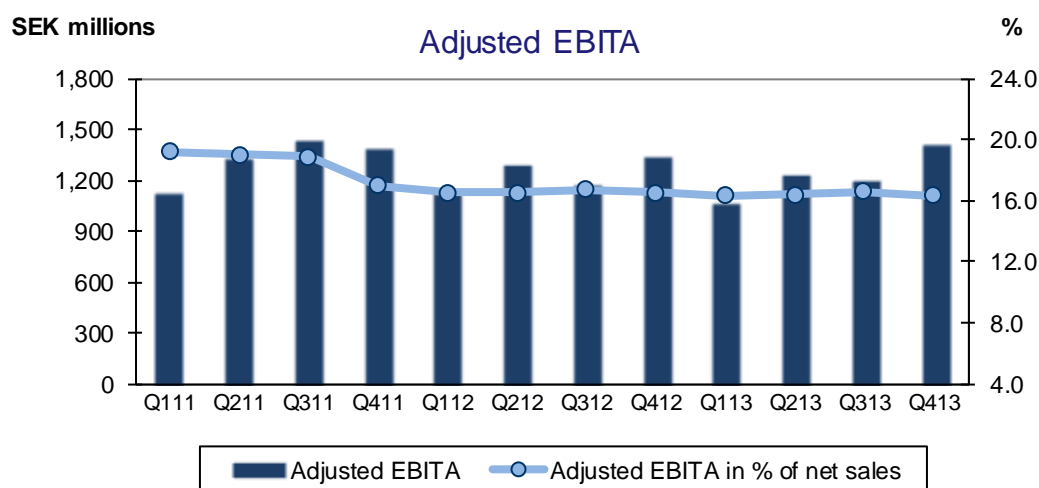
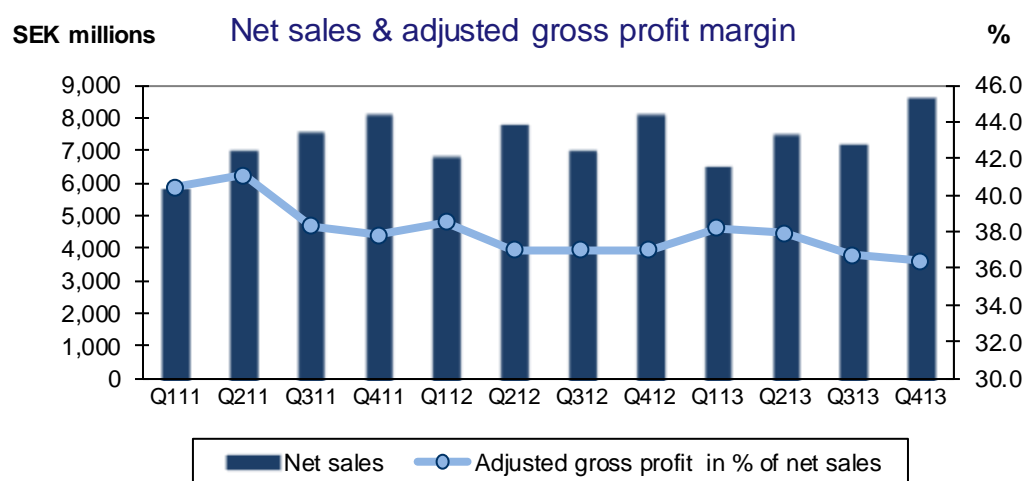
increased by 3.5 percent during the full year 2013 compared to the corresponding periods last year.

parent, excluding depreciation of step-up values and the corresponding tax, is SEK 8.18 (8.39) per share for the full year 2013.

The net income attributable to the owners of the

Consolidated SEK millions	Income analysis			
	Fourth quarter		Full year	
	2013	2012 *	2013	2012 *
Net sales	8,646	8,119	29,934	29,813
Adjusted gross profit **	3,144	3,007	11,146	11,131
- in % of net sales	36.4	37.0	37.2	37.3
Expenses ***	-1,621	-1,552	-5,783	-5,750
- in % of net sales	18.7	19.1	19.3	19.3
Adjusted EBITDA	1,523	1,455	5,363	5,381
- in % of net sales	17.6	17.9	17.9	18.0
Depreciation	-111	-115	-449	-447
Adjusted EBITA	1,412	1,340	4,914	4,934
- in % of net sales	16.3	16.5	16.4	16.5
Amortisation of step up values	-142	-124	-561	-487
Comparison distortion items	-	-51	-	-51
Operating income	1,270	1,165	4,353	4,396

* Restated to the new IAS 19. ** Excluding amortisation of step up values. *** Excluding comparison distortion items.



Comparison distortion items

The operating income for the fourth quarter 2013 has been affected by comparison distortion items of SEK - (-51) million. For the full year 2012 the corresponding figure is SEK - (-51) 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 cost during the fourth quarter and full year 2012 related to write down of the goodwill relating to the acquisition of Onnuri with SEK -48 million and a realised loss on sale of a property in Korea that had been used by Onnuri with SEK -3 million.

Consolidated	Comparison distortion items			
	Fourth quarter		Full year	
	2013	2012 *	2013	2012 *
SEK millions				
Operational				
Other operating income	187	128	453	384
Comparison distortion income	-	-	-	-
Total other operating income	187	128	453	384
Other operating costs	-328	-240	-882	-873
Comparison distortion costs	-	-51	-	-51
Total other operating costs	-328	-291	-882	-924

* Restated to the new IAS 19.

Consolidated financial net

The financial net has amounted to SEK -90 (-126) 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 -21 (-25) million, interest on the bilateral term loans SEK -70 (-83)

million, interest on the private placement of SEK -12 (-16) million and a net of dividends and other interest income and interest costs of SEK 13 (-2) million. The net of realised and unrealised exchange rate differences has amounted to SEK -91 (259) million.

Key figures

Consolidated	Key figures	
	December 31	
	2013	2012 *
Return on capital employed (%) **	26.4	27.4
Return on equity capital (%) **	20.4	22.9
Solidity (%) ***	46.3	41.3
Net debt to EBITDA, times **	0.48	0.80
Debt ratio, times ***	0.16	0.30
Number of employees ***	16,308	16,419

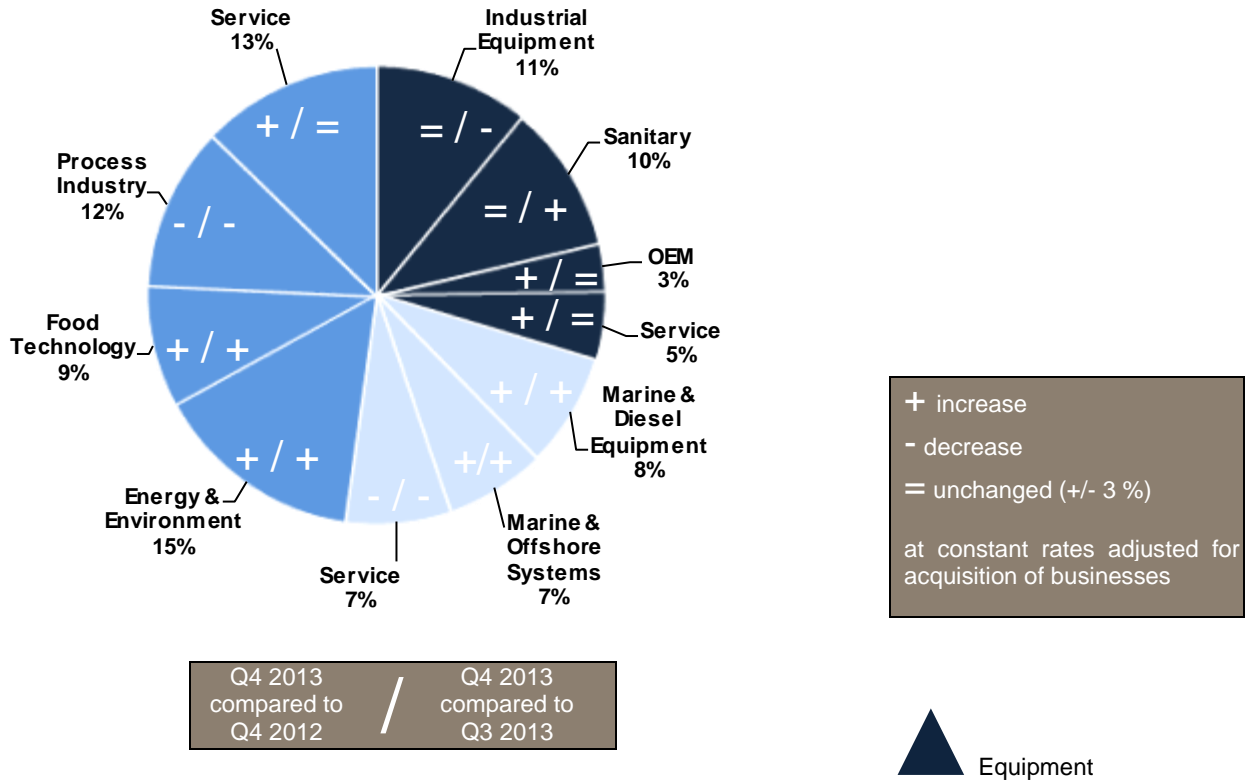
* Restated to the new IAS 19. ** Calculated on a 12 months' revolving basis. *** At the end of the period.

Business divisions

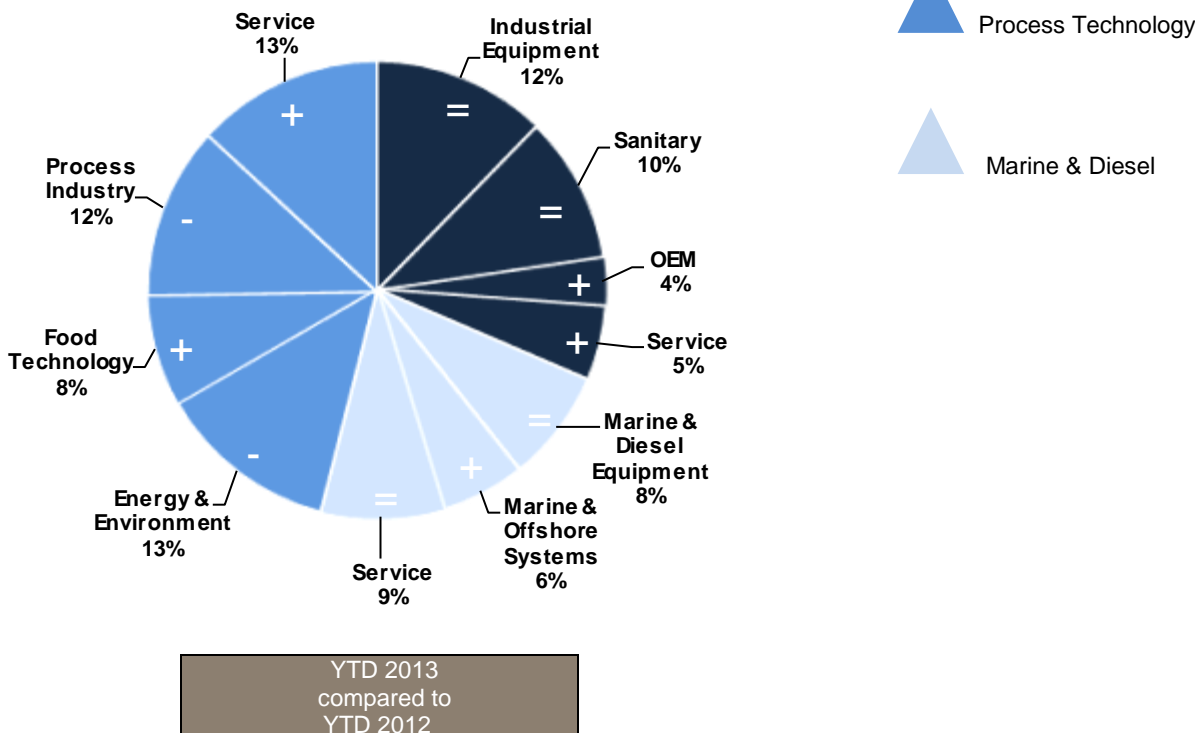
The development of the order intake for the divisions and their customer segments appears in

the following charts. The former "Parts & Service" segments have been renamed to "Service".

Orders received by customer segment Q4 2013



Orders received by customer segment YTD 2013



Equipment division

Consolidated SEK millions	Fourth quarter		Full year	
	2013	2012	2013	2012
Orders received	2,445	2,397	9,604	9,701
Order backlog*	1,495	1,583	1,495	1,583
Net sales	2,555	2,495	9,595	9,476
Operating income**	339	396	1,306	1,389
Depreciation and amortisation	44	41	173	162
Investments	21	16	57	46
Assets*	5,955	5,804	5,955	5,804
Liabilities*	910	986	910	986
Number of employees*	2,742	2,813	2,742	2,813

* At the end of the period. ** In management accounts.

Consolidated %	Change excluding currency effects					
	Order intake			Net sales		
	Structural change	Organic development	Total	Structural change	Organic development	Total
Q4 2013/2012	-	3.8	3.8	-	4.2	4.2
Q4/Q3 2013	-	2.0	2.0	-	2.7	2.7
YTD 2013/2012	0.7	1.2	1.9	0.7	3.5	4.2

All comments below are excluding exchange rate fluctuations.

Order intake

Order intake remained flat in the fourth quarter compared to the third quarter as a slight decline in Industrial Equipment was offset by growth in Sanitary, while OEM saw unchanged demand. From a geographical perspective the development was good in markets such as North America and the Nordic countries, whereas demand in China declined, affected by the non-repeat of pharmaceutical projects as well as a certain seasonality effect in the market unit Comfort. Sanitary showed growth in the quarter following good demand for products that go into brewery, dairy and other food applications. The market unit personal care also reported a good development, while orders for products going into pharmaceuticals declined somewhat as projects were not repeated. Industrial Equipment

experienced a slight decline, driven by lower demand for products for HVAC applications, due to the cold season. Demand for other applications remained stable. In OEM order intake remained unchanged. Demand from boiler manufacturers continued to grow, driven by new products. At the same time demand for products for other HVAC applications declined somewhat, affected by seasonality.

The demand for services and spare parts was unchanged from the previous quarter.

Operating income

The decrease in operating income for Equipment during the fourth quarter 2013 compared to the corresponding period last year is mainly explained by a negative price/mix variation and higher sales and administration costs and development costs, partly mitigated by a higher sales volume.

Process Technology division

Consolidated				
	Fourth quarter		Full year	
	2013	2012	2013	2012
SEK millions				
Orders received	3,886	3,476	13,935	14,081
Order backlog*	8,393	8,358	8,393	8,358
Net sales	4,265	3,748	13,813	12,812
Operating income**	806	570	2,479	2,194
Depreciation and amortisation	73	60	297	230
Investments	37	40	98	110
Assets*	10,828	10,608	10,828	10,608
Liabilities*	4,029	4,304	4,029	4,304
Number of employees*	5,256	5,085	5,256	5,085

* At the end of the period. ** In management accounts.

Consolidated	Change excluding currency effects					
	Order intake			Net sales		
	Structural change	Organic development	Total	Structural change	Organic development	Total
%						
Q4 2013/2012	2.8	12.9	15.7	3.4	14.1	17.5
Q4/Q3 2013	-	10.4	10.4	-	32.3	32.3
YTD 2013/2012	4.3	-0.9	3.4	6.2	6.3	12.5

All comments below are excluding exchange rate fluctuations.

Order intake

Process Technology showed a strong increase in demand in the fourth quarter compared to the third quarter, boosted by a very favourable development in the Energy & Environment and Food Technology segments. Large orders reached a level considerably above the quarterly average but also the base business reported good growth. Geographically, North America and to an even higher degree, Latin America grew. A very strong development could also be seen in Eastern Europe, while the BRIC countries delivered growth in line with the average for the division.

Energy & Environment recorded very strong growth, driven by large orders in the oil & gas sector. Market unit Power contributed to the positive development as large nuclear orders were secured, reflecting an increased activity level in the sector. The base business showed a positive development in the quarter. Process Industry declined compared to the third quarter, caused by a lower level of large orders within market unit Refinery. All other areas within Process Industry showed a strong development

and the segment also generated a steady growth in the base business. Strong growth characterised all areas of Food Technology, with the exception of Vegetable oil, which was affected by the non-repeat of some large orders. Market unit Protein did very well as did market unit Brewery, boosted by a very large order for a brewery project in Latin America. Base business continued to develop favourably.

Demand for parts and services continued to grow in the quarter. The high level of larger orders reported in previous quarters remained.

Operating income

The increase in operating income for Process Technology during the fourth quarter 2013 compared to the corresponding period last year is mainly explained by a higher sales volume, partly mitigated by a negative price/mix variation and higher sales costs.

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

Marine & Diesel division

Consolidated				
	Fourth quarter		Full year	
	2013	2012	2013	2012
SEK millions				
Orders received	1,839	1,379	6,796	6,557
Order backlog*	4,680	4,527	4,680	4,527
Net sales	1,826	1,876	6,526	7,525
Operating income**	417	409	1,243	1,458
Depreciation and amortisation	50	57	204	224
Investments	18	11	49	38
Assets*	8,101	8,309	8,101	8,309
Liabilities*	2,167	2,043	2,167	2,043
Number of employees*	2,945	3,346	2,945	3,346

* At the end of the period. ** In management accounts.

Consolidated	Change excluding currency effects					
	Order intake			Net sales		
	Structural change	Organic development	Total	Structural change	Organic development	Total
%						
Q4 2013/2012	-	35.7	35.7	-	-1.1	-1.1
Q4/Q3 2013	-	19.1	19.1	-	18.8	18.8
YTD 2013/2012	-	7.5	7.5	-	-10.3	-10.3

All comments below are excluding exchange rate fluctuations.

Order intake

Order intake for the Marine & Diesel division increased in the fourth quarter compared with the third, as the growth in order intake to the yards throughout the year, manifested itself in high demand across the capital sales segments. A further boost came from a large order for the exhaust gas cleaning system Alfa Laval Pure SOx.

The Marine & Diesel Equipment segment saw overall higher demand than in the previous quarter, even as demand for equipment for diesel power plants declined. The positive development was instead explained by the high contracting to the yards, which generated good growth for the Marine Equipment base business. Environmental solutions also contributed to growth, lifted by an

increasing demand for PureDry. The Marine & Offshore Systems segment was up significantly compared to the third quarter, reflecting a positive development across the board. Growth was recorded for the Marine Systems base business, for Offshore Systems and also exhaust gas cleaning, the latter due to an order for equipment to be retrofitted on board five vessels owned by the Dutch ship-owner Spliethoff.

Demand for parts and services were below the third quarter due to lower repair activity.

Operating income

The increase in operating income for Marine & Diesel during the fourth quarter 2013 compared to the corresponding period last year is mainly explained by lower costs for sales and administration, partly mitigated by lower sales volume and a negative price/mix effect.

Other

Other covers procurement, production and core businesses. logistics as well as corporate overhead and non-

Consolidated SEK millions	Fourth quarter		Full year	
	2013	2012	2013	2012
Orders received	0	0	0	0
Order backlog*	0	0	0	0
Net sales	0	0	0	0
Operating income**	-257	-169	-581	-541
Depreciation and amortisation	86	81	336	318
Investments	131	110	291	337
Assets*	5,236	5,395	5,236	5,395
Liabilities*	2,442	2,188	2,442	2,188
Number of employees*	5,365	5,175	5,365	5,175

* At the end of the period. ** In management accounts.

Reconciliation between divisions and Group total

Consolidated SEK millions	Fourth quarter		Full year	
	2013	2012 *	2013	2012 *
Operating income				
Total for divisions	1,305	1,206	4,447	4,500
Comparison distortion items	-	-51	-	-51
Consolidation adjustments **	-35	10	-94	-53
Total operating income	1,270	1,165	4,353	4,396
Financial net	-69	7	-181	133
Result after financial items	1,201	1,172	4,172	4,529
Assets ***				
Total for divisions	30,120	30,116	30,120	30,116
Corporate	4,818	4,872	4,818	4,872
Group total	34,938	34,988	34,938	34,988
Liabilities ***				
Total for divisions	9,548	9,521	9,548	9,521
Corporate	9,228	11,014	9,228	11,014
Group total	18,776	20,535	18,776	20,535

* Restated to the new IAS 19. ** Difference between management accounts and IFRS. *** At the end of the period.

Information about products and services

Consolidated	Net sales by product/service *			
	Fourth quarter		Full year	
	2013	2012	2013	2012
SEK millions				
Own products within:				
Separation	2,023	1,900	6,709	6,646
Heat transfer	4,517	4,215	16,001	16,010
Fluid handling	884	843	3,254	3,046
Other	252	160	799	919
Associated products	578	620	1,848	1,828
Services	392	381	1,323	1,364
Total	8,646	8,119	29,934	29,813

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

New products during the fourth quarter

During the fourth quarter Alfa Laval has introduced among others the following new products:

Alfa Laval CH200/300



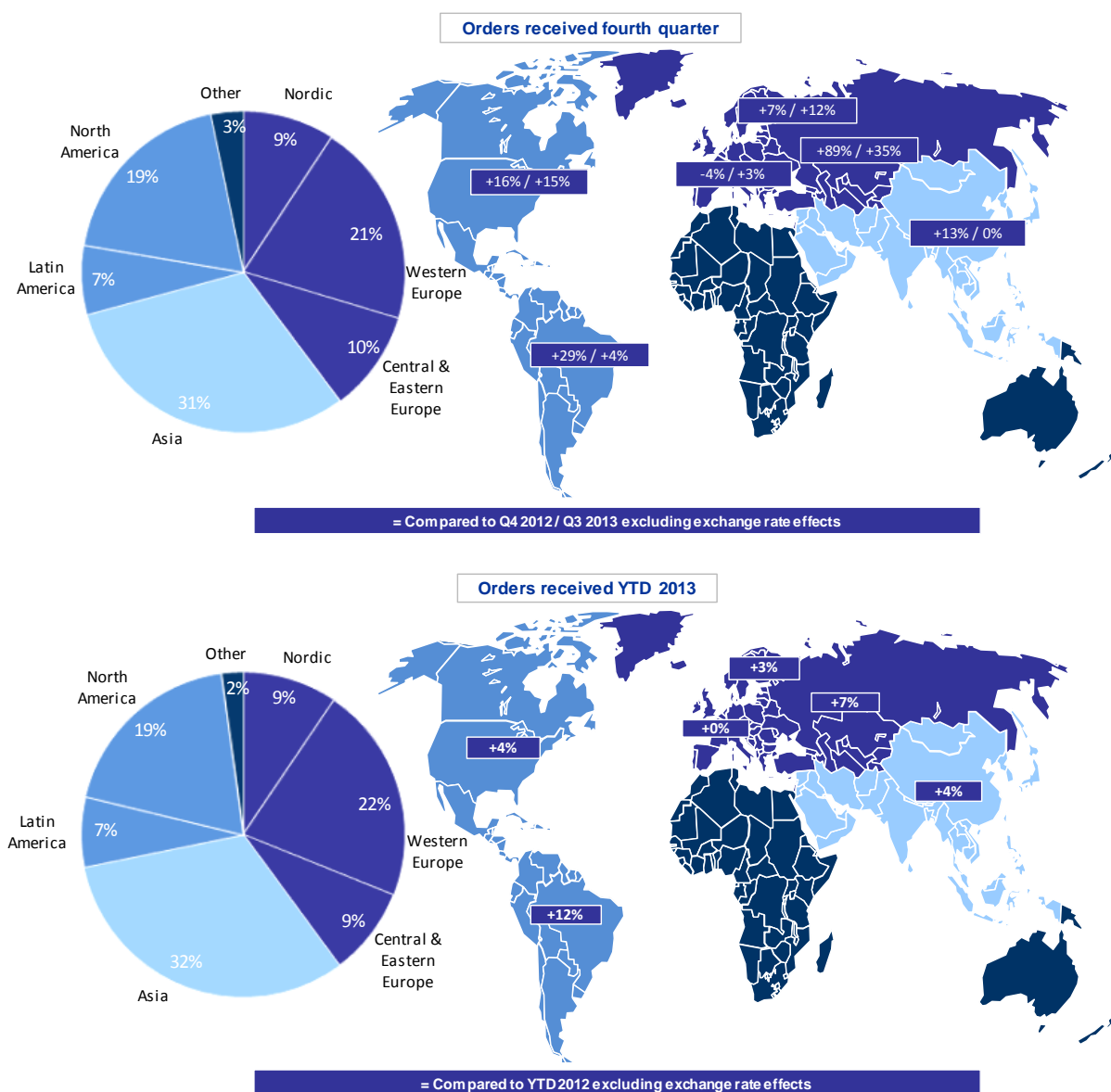
The CH200/300 are Alfa Laval's new high speed separators in corrosion resistant material. They are developed for heavy duty chemical and pharmaceutical applications and are suitable for a wide range of duties, requirements, production volumes and most production facilities. This makes CH200/300 the most flexible mid-sized industrial separators in the market.

Alfa Laval FCM One



The new Fuel Conditioning Module, FCM One, is an addition to Alfa Laval's offer to the marine industry. A fuel conditioning module conditions the fuel before it goes into the diesel engine in order to protect the injection system and optimize combustion of the fuel. FCM One combines the strengths of the original Fuel Conditioning Module with additional advantages and increased flexibility. Several functions such as heating and cooling and more can now be packed into a single booster module with just one controller, making the installation easier, smaller and cheaper. This is important for both ship yards when a vessel is built and the ship owners when they need to retrofit. In its standard version, the FCM One filters the fuel and regulates its viscosity, pressure and flow. For vessels working with multiple fuels, blended fuels or more advanced requirements, a broad range of additional functions can be integrated.

Information by region



All comments are excluding exchange rate effects.

Western Europe including Nordic

Order intake increased in the fourth quarter compared with the third following a positive development for both the base business* and large orders. A majority of sales regions/countries rose, with the Nordic, Benelux and Adriatic areas developing particularly well. Standing out among the segments were Sanitary, Marine & Offshore Systems and Energy & Environment. The demand for parts and services also developed positively across the region.

Central and Eastern Europe

Central and Eastern Europe reported a strong increase in order intake during the fourth quarter compared to the third, mainly due to a very positive development in Russia, Poland and the

Baltic states. Russia reported a record quarter, due to three large orders for power, starch processing and food.

North America

The order intake for the region grew in the fourth quarter compared to the third quarter, mainly due to large projects, with a good development seen in both the US and Canada. The base business also did well as demand continued to grow. Driving the development were segments Sanitary, Industrial Equipment, Process Industry and Food Technology. The demand for parts and services was up compared to the third quarter.

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

Latin America

Order intake increased in the fourth quarter compared to previous quarter driven by strong growth in Brazil and Argentina. Brazil had a particularly positive development, seen both for the base business as well as for large orders, with the latter dominated by a large brewery project. Argentina's growth was driven by a good development for the base business in the Process Technology division.

Asia

Order intake was unchanged in the fourth quarter compared to the third, even as a large order in India in the third quarter was not repeated. A positive development was reported by the Marine & Diesel division, which had a strong quarter, as well as the base business which developed well, especially in the Process Technology division. The Marine & Diesel division was lifted by a high

activity level among shipyards in South Korea, China and Japan. Meanwhile, segment Energy & Environment also did well, thanks to a large LNG contract in Australia for wastewater treatment. The Process Technology division as a whole however, declined due to the non-repeat order in India. The Equipment division reported a slightly lower pace compared to the relatively strong performance seen in the first three quarters. Korea and Japan stood out from a geographic perspective, showing a strong and broad based positive development. China also reported growth, with a very strong development in the Marine & Diesel division, Food Technology, Process Industries as well as Service. For the region as a whole, the demand for parts and services was unchanged from the third quarter.

Consolidated	Net sales			
	Fourth quarter		Full year	
SEK millions	2013	2012	2013	2012
To customers in:				
Sweden	275	238	916	856
Other EU	2,319	2,283	8,176	7,911
Other Europe	903	696	2,702	2,521
USA	1,286	1,152	4,857	4,626
Other North America	483	230	1,117	921
Latin America	525	498	1,797	1,950
Africa	76	120	299	330
China	841	849	2,992	3,298
Other Asia	1,823	1,914	6,646	6,969
Oceania	115	139	432	431
Total	8,646	8,119	29,934	29,813

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

European Union from July 1, 2013 and is as of then reported under "Other EU" instead of "Other Europe" in the above and below tables.

Consolidated	Non-current assets	
	December 31	
	2013	2012 *
SEK millions		
Sweden	1,445	1,504
Denmark	4,493	4,385
Other EU	4,079	4,057
Other Europe	298	312
USA	3,890	3,631
Other North America	110	120
Latin America	366	429
Africa	1	1
Asia	2,680	2,890
Oceania	77	93
Subtotal	17,439	17,422
Other long-term securities	8	9
Pension assets	11	3
Deferred tax asset	1,401	1,497
Total	18,859	18,931

* Restated to the new IAS 19.

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 a volume representing 4.8 (3.3) percent of net sales.

Cash flows

CONSOLIDATED CASH FLOWS

SEK millions	Fourth quarter		Full year	
	2013	2012 *	2013	2012 *
Operating activities				
Operating income	1,270	1,165	4,353	4,396
Adjustment for depreciation	253	239	1,010	934
Adjustment for other non-cash items	-91	43	-38	241
	1,432	1,447	5,325	5,571
Taxes paid	-17	-307	-1,093	-1,569
	1,415	1,140	4,232	4,002
Changes in working capital:				
Increase(-)/decrease(+) of receivables	-147	-47	107	-158
Increase(-)/decrease(+) of inventories	307	358	-134	-214
Increase(+)/decrease(-) of liabilities	-140	-546	201	-25
Increase(+)/decrease(-) of provisions	-207	12	-178	-19
Increase(-)/decrease(+) in working capital	-187	-223	-4	-416
	1,228	917	4,228	3,586
Investing activities				
Investments in fixed assets (Capex)	-207	-177	-495	-531
Divestment of fixed assets	30	49	37	49
Acquisition of businesses	12	-1,158	-495	-2,778
	-165	-1,286	-953	-3,260
Financing activities				
Received interests and dividends	28	21	122	97
Paid interests	-52	-67	-208	-252
Realised financial exchange differences	-27	18	-16	104
Dividends to owners of the parent	-	-	-1,468	-1,363
Dividends to non-controlling interests	-	1	-	-7
Increase(-)/decrease(+) of financial assets	-68	-155	-190	5
Increase(+)/decrease(-) of borrowings	-872	227	-1,431	1,009
	-991	45	-3,191	-407
Cash flow for the period	72	-324	84	-81
Cash and bank at the beginning of the period	1,368	1,724	1,404	1,564
Translation difference in cash and bank	14	4	-34	-79
Cash and bank at the end of the period	1,454	1,404	1,454	1,404
Free cash flow per share (SEK) **	2.53	-0.88	7.81	0.78
Capex in relation to sales	2.4%	2.2%	1.7%	1.8%
Average number of shares	419,456,315	419,456,315	419,456,315	419,456,315

* Restated to the new IAS 19.

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

During the full year 2013 cash flows from operating and investing activities amounted to SEK 3,275 (326) million. Depreciation, excluding

allocated step-up values, was SEK 449 (447) million during the full year 2013.

Financial position and equity

SEK millions	December 31		Opening balance
	2013	2012 *	January 1 2012
CONSOLIDATED FINANCIAL POSITION			
ASSETS			
Non-current assets			
Intangible assets	13,643	13,599	13,045
Property, plant and equipment	3,796	3,823	3,936
Other non-current assets	1,420	1,509	1,599
	18,859	18,931	18,580
Current assets			
Inventories	6,319	6,176	6,148
Assets held for sale	-	9	-
Accounts receivable	5,059	5,211	5,080
Other receivables	2,417	2,505	2,280
Derivative assets	219	325	303
Other current deposits	611	427	483
Cash and bank **	1,454	1,404	1,564
	16,079	16,057	15,858
TOTAL ASSETS	34,938	34,988	34,438
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Owners of the parent	16,087	14,392	14,214
Non-controlling interests	75	61	162
	16,162	14,453	14,376
Non-current liabilities			
Liabilities to credit institutions	751	2,051	1,353
Swedish Export Credit	1,793	1,723	1,787
European Investment Bank	1,165	1,120	1,162
Private placement	716	714	758
Provisions for pensions and similar commitments	1,494	1,727	1,604
Provision for deferred tax	1,761	1,932	1,927
Other provisions	431	473	520
	8,111	9,740	9,111
Current liabilities			
Liabilities to credit institutions	153	395	132
Accounts payable	2,394	2,333	2,668
Advances from customers	2,027	2,121	2,020
Other provisions	1,539	1,603	1,612
Other liabilities	4,318	4,156	4,091
Derivative liabilities	234	187	428
	10,665	10,795	10,951
Total liabilities	18,776	20,535	20,062
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	34,938	34,988	34,438

* Restated to the new IAS 19, see page 23.

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

Cash, bank and current deposits include bank and other deposits in the previously publicly listed subsidiary Alfa Laval (India) Ltd of SEK 275 (174)

million. The company is not a wholly-owned subsidiary of the Alfa Laval Group. It is owned to 98.2 (97.5) percent.

Consolidated	Financial assets and liabilities at fair value		
	Valuation hierarchy	December 31	
SEK millions	level	2013	2012
Financial assets			
Other long term securities	1 and 2	8	9
Bonds and other securities	1	247	131
Derivative assets	1	219	325
Financial liabilities			
Derivative liabilities	1	234	187

Valuation hierarchy level 1 is according to quoted prices in active markets for identical assets and liabilities.
Valuation hierarchy level 2 is out of directly or indirectly observable market data outside level 1.

Consolidated	Borrowings and net debt		
		December 31	
SEK millions		2013	2012 *
Credit institutions		904	2,446
Swedish Export Credit		1,793	1,723
European Investment Bank		1,165	1,120
Private placement		716	714
Capitalised financial leases		84	97
Interest-bearing pension liabilities		0	1
Total debt		4,662	6,101
Cash, bank and current deposits		-2,065	-1,831
Net debt		2,597	4,270

* Restated to the new IAS 19.

Alfa Laval has a senior credit facility of EUR 301 million and USD 420 million, corresponding to SEK 5,437 million with a banking syndicate. At December 31, 2013 SEK 704 million of the facility was utilised. The facility matures in April 2016, with a one-year extension option. The bilateral term loan of EUR 25 million with SHB was repaid on the maturity date at December 30, 2013.

The bilateral term loan with Swedish Export Credit is split on one loan of EUR 100 million that matures in 2014 and one loan of EUR 100 million

that matures in 2021. The loan from the European Investment Bank of EUR 130 million matures in 2018. The private placement of USD 110 million matures in 2016.

In December 2013 Alfa Laval has made an agreement with the European Investment Bank of a loan facility of EUR 115 million with a 7 year duration. This loan has not been utilised at December 31, 2013.

CHANGES IN CONSOLIDATED EQUITY

SEK millions	Full year	
	2013	2012 *
At the beginning of the period	14,453	14,376
Changes attributable to:		
Owners of the parent		
Comprehensive income		
Comprehensive income for the period	3,212	2,288
Transactions with shareholders		
Increase of ownership in subsidiaries with non-controlling interests	-49	-747
Dividends	-1,468	-1,363
	-1,517	-2,110
Subtotal	1,695	178
Non-controlling interests		
Comprehensive income		
Comprehensive income for the period	19	13
Transactions with shareholders		
Decrease of non-controlling interests	-5	-107
Dividends	-	-7
	-5	-114
Subtotal	14	-101
At the end of the period	16,162	14,453

* Restated to the new IAS 19.

Acquisition of businesses

On May 29, 2013 Alfa Laval acquired the U.S. based Niagara Blower Company, a manufacturer of energy-efficient niche heat transfer solutions. The company's products are engineered-to-order, and particularly suited for use in the oil and gas processing industries. They are also used in a wide range of other industries, such as power, food & beverage and pharmaceuticals. Lars Renström, President and CEO of the Alfa Laval Group, comments on the reasons for the acquisition: "The acquisition of Niagara Blower brings in new and complementary heat-transfer products, mainly air-cooled heat exchangers, which further strengthen our offering to the oil and gas processing industries. They strengthen our U.S. portfolio and will gradually also be added to our product offering on a global scale." Niagara Blower Company is located in Buffalo, New York. It generated sales of about SEK 425 million in 2012, with profitability well above the average for the Alfa Laval Group. The intention is to integrate Niagara Blower into the segment Energy & Environment, within the Process Technology Division. The company has some 120 employees.

On February 28, 2013 Alfa Laval acquired the assets and technology for a gas combustion unit from the company Snecma (Safran). The product,

which will be included in the offering from the Marine & Offshore Systems segment, is expected to generate sales of about SEK 40 million in 2013. Lars Renström, President and CEO of the Alfa Laval Group, comments on the acquisition: "With this acquisition we expand and further strengthen our offer to the growing gas transportation business, a business which typically has high barriers to entry. Few companies can offer this type of safety equipment."

In a press release on September 19, 2011 Alfa Laval communicated its proposal to buy all outstanding shares in its subsidiary Alfa Laval (India) Ltd and seek delisting of the shares from Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The proposal came on the back of regulatory changes in India which requires Alfa Laval (India) Ltd to have a minimum public float of 25 percent or seek delisting. In a reverse book building process that was finalised on February 23, 2012 minority shareholders together holding more than the necessary 50 percent of the public float were willing to sell to Alfa Laval at a price of INR 4,000 per share. Through the acquisition of the 1.03 million shares Alfa Laval achieved an ownership of 94.5 percent, which enabled Alfa Laval (India) Ltd to

delist from both stock exchanges on April 12, 2012. The cost for the acquisition of the shares was SEK 553 million. As a part of the process the remaining minority owners could sell their shares to Alfa Laval for INR 4,000 during the next 12 months. During this period minority owners with an additional 0.68 million shares have sold their shares to Alfa Laval for SEK 340 million, which has increased Alfa Laval's ownership to 98.2

percent. This means that the total acquisition cost was SEK 893 million.

On February 22, 2013 Alfa Laval acquired the remaining minority shares in the company Tranter Solarice GmbH in Germany.

The acquisitions during the full year 2013 can be summarized as follows:

Consolidated	Acquisitions 2013						
	Minority in subsidiaries			Others			Total
	Adjustment			Adjustment			
	Book value	to fair value	Fair value	Book value	to fair value	Fair value	Fair value
SEK millions							
Property, plant and equipment	-	-	-	13	-	13	13
Patents and unpatented know-how ⁽¹⁾	-	-	-	32	202	234	234
Inventory	-	-	-	14	-	14	14
Accounts receivable and other receivables	-	-	-	24	-	24	24
Liquid assets	-	-	-	8	-	8	8
Accounts payable and other liabilities	-	-	-	-62	-	-62	-62
Deferred tax	-	-	-	2	-	2	2
Acquired net assets	-	-	-	31	202	233	233
Goodwill ⁽²⁾			-			236	236
Equity attributable to owners of parent			-49			-	-49
Currency translation			-8			-	-8
Equity attributable to non-controlling interests			-5			-	-5
Purchase price			-62			-469	-531
Costs directly linked to the acquisitions ⁽³⁾			-1			-1	-2
Retained part of purchase price ⁽⁴⁾			-			66	66
Liquid assets in the acquired businesses			-			8	8
Payment of amounts retained in prior years			-			-36	-36
Effect on the Group's liquid assets			-63			-432	-495

1. The step up value for patents and un-patented know-how is amortised over 10 years.
2. The goodwill is relating to estimated synergies in procurement, logistics and corporate overheads and the companies' ability to over time recreate its intangible assets. The value of the goodwill is still preliminary.
3. Refers to fees to lawyers, due diligence and assisting counsel. Has been expensed as other operating costs.
4. Contingent on certain warranties in the contract not being triggered or that certain profitability goals are fulfilled. The probable outcome has been calculated.

Parent company

The parent company's result after financial items was SEK 1,762 (101) million, out of which dividends from subsidiaries SEK 1,697 (-) million, net interests SEK 71 (115) million, realised and unrealised exchange rate gains and losses SEK 4 (-1) million, costs related to the listing

SEK -3 (-3) million, fees to the Board SEK -6 (-6) million, cost for annual report and annual general meeting SEK -2 (-4) million and other operating income and operating costs the remaining SEK 1 (-0) million.

PARENT COMPANY INCOME *

SEK millions	Fourth quarter		Full year	
	2013	2012 **	2013	2012 **
Administration costs	-4	-4	-11	-13
Other operating income	-4	-7	4	3
Other operating costs	-1	-1	-3	-3
Operating income	-9	-12	-10	-13
Revenues from interests in group companies	-	-	1,697	-
Interest income and similar result items	23	24	79	118
Interest expenses and similar result items	-1	0	-4	-4
Result after financial items	13	12	1,762	101
Change of tax allocation reserve	30	283	30	283
Group contributions	855	-403	855	-403
Result before tax	898	-108	2,647	-19
Tax on this year's result	-201	22	-212	-1
Net income for the period	697	-86	2,435	-20

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

** Group contributions restated due to changes in RFR.

PARENT COMPANY FINANCIAL POSITION

SEK millions	December 31	
	2013	2012
ASSETS		
Non-current assets		
Shares in group companies	4,669	4,669
Current assets		
Receivables on group companies	8,263	8,035
Other receivables	44	253
Cash and bank	-	-
	8,307	8,288
TOTAL ASSETS	12,976	12,957
SHAREHOLDERS' EQUITY AND LIABILITIES		
Equity		
Restricted equity	2,387	2,387
Unrestricted equity	9,253	8,285
	11,640	10,672
Untaxed reserves		
Tax allocation reserves, taxation 2008-2014	1,236	1,266
Current liabilities		
Liabilities to group companies	99	1,018
Accounts payable	1	1
Other liabilities	-	0
	100	1,019
TOTAL EQUITY AND LIABILITIES	12,976	12,957

Owners and shares

Owners and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 36,211 (34,629) shareholders on December 31, 2013. The largest owner is Tetra Laval B.V., the Netherlands who owns 26.1 (26.1) percent. Next to the largest owner there are nine institutional investors with ownership in the range of 6.4 to 0.7 percent. These ten largest shareholders own 54.6 (51.4) percent of the shares.

Proposed disposition of earnings

The parent company has unrestricted funds of SEK 9,253 (8,285) million.

The Board of Directors propose a dividend of SEK 3.75 (3.50) per share corresponding to SEK 1,573 (1,468) million and that the remaining income available for distribution in Alfa Laval AB (publ) of SEK 7,680 (6,817) million be carried forward.

The Board of Directors are of the opinion that the proposed dividend is consistent with the requirements that the type and size of operations, the associated risks, the capital needs, liquidity and financial position put on the company.

Risks and other

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 2012 is still correct. For additional information reference is also made to the coming Annual report for 2013.

Asbestos-related lawsuits

The Alfa Laval Group was as of December 31, 2013, named as a co-defendant in a total of 759 asbestos-related lawsuits with a total of approximately 819 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.

Accounting principles

The interim report for the fourth quarter 2013 is prepared in accordance with IAS 34 Interim

Repurchase of shares

The Annual General Meeting 2013 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 Stockholm Stock Exchange. Until December 31, 2013 Alfa Laval has not made any repurchases.

Proposal on repurchase of shares

Alfa Laval's financial position is very strong. In order to adjust this to a more efficient structure while maintaining financial flexibility, the Board of Directors will propose the Annual General Meeting to mandate the Board to decide on repurchase of the company's shares – if the Board deems this appropriate – until the next Annual General Meeting. The mandate will refer 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 will be made through transactions on OMX Stockholm Stock Exchange.

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.

The parent company is accounting for group contributions according to the alternative rule in the new rules in RFR 2. This means that both received and given group contributions are reported as appropriations in the income statement.

The disclosure requirements in IFRS 13 for financial assets and liabilities at fair value have been implemented.

The revised IAS 19 "Employee Benefits" was implemented in the interim report for the first quarter 2013, with retroactive effect from January 1, 2012. The new standard meant substantial changes concerning the accounting for defined benefit pension schemes and these changes were extensively described in the mentioned interim report. In connection with the yearend closing for 2013 certain adjustments have been made to the opening balance at January 1, 2012 and the closing balance at December 31, 2012. The final figures appear below.

The consolidated financial position on page 18 has been changed as follows:

Effect of restatement to new IAS19 SEK millions	December 31	Opening balance
	2012	January 1 2012
CONSOLIDATED FINANCIAL POSITION		
Decrease of plan assets	-380	-331
Increase of defined benefit obligations	-898	-752
Increase of deferred tax assets	289	266
Decrease of deferred tax liabilities	7	3
Decrease of accrued costs	48	46
Decrease of equity relating to the owners of the parent	-934	-768

Compared with the summary that was published in the interim report for the first quarter 2013 concerning the effect of the restatement to the new IAS 19 on the consolidated comprehensive income statement for 2012 this has meant that the deferred tax income in the part of other comprehensive income that will subsequently not be reclassified to net income has decreased by SEK 2 million, which has decreased comprehensive income and the part of comprehensive income that is attributable to the owners of the parent correspondingly.

“Fourth quarter” refers to the period October 1 to December 31 and “Full year” refers to the period January 1 to December 31. “The corresponding period last year” refers to the fourth quarter 2012 or the full year 2012 depending on the context. “Previous quarter” refers to the third quarter 2013.

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.

The accounting and valuation principles of the parent company comply with the Swedish Annual Accounts Act and the recommendation RFR 2 “Accounting for legal entities” issued by the Council for Financial Reporting in Sweden.

Date for the next financial reports

Alfa Laval will publish interim reports during 2014 at the following dates:

Interim report for the first quarter	April 28
Interim report for the second quarter	July 17
Interim report for the third quarter	October 28

The interim report has been issued on February 5, 2014 at CET 7.30 by the President and Chief Executive Officer Lars Renström by proxy from the Board of Directors.

Lund, February 5, 2014,

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

Review report

Introduction

We have performed a review of the condensed interim financial statements (fourth quarter and full year report) for Alfa Laval AB (publ) at December 31, 2013 and the twelve months' period then ended. The Board of Directors and the President are responsible for the preparation and presentation of this fourth quarter and full year report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the fourth quarter and full year report, in all material aspects, is not prepared for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act and for the Parent company in accordance with the Swedish Annual Accounts Act.

Lund, February 5, 2014,

Staffan Landén
Authorised Public
Accountant

Johan Thuresson
Authorised Public
Accountant