Third quarter 2014

Summary

SEK millions	Third quarter 2014	2013 *	%	% **	First nine months 2014	2013 *	%	% **
Order intake	9,708	7,415	31	26	26,151	22,069	18	17
Net sales	9,272	7,172	29	24	24,292	21,192	15	13
Adjusted EBITA	1,545	1,198	29		3,955	3,502	13	
- adjusted EBITA margin (%)	16.7	16.7			16.3	16.5		
Result after financial items	991	1,075	-8		2,944	2,971	-1	
Net income for the period	697	822	-15		2,057	2,169	-5	
Earnings per share (SEK)	1.65	1.95	-15		4.88	5.15	-5	
Cash flow ***	1,667	994	68		3,433	3,003	14	
Impact on EBITA of:								
- foreign exchange effects	-7	-47			-27	-142		
Impact on result after financial items of:								
- comparison distortion items	-260	-			-320	-		

* Restated to IFRS 11. ** Excluding currency effects. *** From operating activities.

Comment from Lars Renström, President and CEO

"The order intake reached a record level of SEK 9.7 billion during the third quarter - a sequential increase of 8 percent. Compared to the third quarter last year the increase was 31 percent. The turnover rose by 29 percent and the result after financial items by 16 percent, excluding the comparison distorting item of SEK 260 million that was charged to the quarter. The item refers to a cost reduction programme that during the fourth quarter 2015 is expected to give savings of SEK 300 million on an annual basis.

Process Technology's order intake was sequentially unchanged in the third quarter. The demand within oil and gas extraction developed very well, especially in North America. Within Marine & Diesel the order intake rose significantly through the acquisition of Frank Mohn AS. However, excluding the acquisition, the effects of a decreased yard contracting are starting to show, while the demand for exhaust gas cleaning systems continued to be good. Equipment saw a limited downturn compared to the record level in the second quarter. Sanitary declined, among others, due to a lower demand from the dairy industry and the effects of the conflict between Russia and Ukraine.

In North America the growth was strong, thanks to several large orders from the oil and gas industry. China had a positive development despite fewer large projects. Europe saw fewer large orders and a negative impact from the conflict in Ukraine."

Outlook for the fourth quarter

"We expect that demand during the fourth quarter 2014 will be on about the same level as in the third quarter."

Earlier published outlook (July 17, 2014): "We expect that demand during the third quarter 2014 will be on about the same level as in the second quarter."

The interim report has been reviewed by the company's auditors, see page 26 for the review report.

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Management's discussion and analysis

Important events during the third quarter

During the third quarter 2014 Alfa Laval received large orders[1] for SEK 780 (445) million:

- An order to supply air cooler systems to a U.S. export terminal for natural gas liquids. The order, booked in the Energy & Process segment, has a value of approximately SEK 95 million and delivery is scheduled for 2015.
- An order to supply compact heat exchangers to an oil production facility in Canada. The order, booked in the Energy & Process segment, has a value of approximately SEK 80 million and delivery is scheduled for 2015.
- An order to supply Framo pumping systems to Samsung Heavy Industries in South Korea. The order, booked in the Marine & Offshore Pumping Systems segment, has a value of approximately SEK 240 million and delivery is scheduled for 2015.
- An order to supply air cooler systems to a natural gas plant in the US. The order, booked in the Energy & Process segment, has a value of approximately SEK 65 million. Delivery is scheduled for 2015.
- An order to supply compact heat exchangers to one of the biggest phosphoric acid plants in the world to be built in the Middle East. The order, booked in the Energy & Process segment, has a value of approximately SEK 55 million and deliveries are scheduled for 2015.
- An order to supply Framo water pumping systems to an oil drilling platform that will be located in the Atlantic Ocean off the Canadian coast. The order, booked in the Marine & Offshore Pumping Systems segment, has a value of approximately SEK 120 million and delivery is scheduled for 2015.
- An order to supply Alfa Laval Packinox heat exchangers to a refinery in India. The order, booked in the Energy & Process segment, has a value of approximately SEK 70 million and delivery is scheduled for 2015.
- An order for four Alfa Laval PureSOx exhaust gas cleaning systems. The order, booked in the Marine & Offshore Systems segment late September, has a value of approximately SEK 55 million and delivery is scheduled for 2015 and 2016.

Other important events:

- Alfa Laval has issued EUR 800 million of corporate bonds, which replaces the bridge loan taken in connection with the acquisition of Frank Mohn AS.
- In connection with the interim report a cost reduction programme is announced with an estimated cost of SEK 260 million.

Order intake

Orders received amounted to SEK 9,708 (7,415) million for the third quarter and to SEK 26,151 (22,069) million for the first nine months. The order intake for Frank Mohn has impacted the 2014 figures with SEK 1,466 million and SEK 2,049 million respectively. Compared with earlier periods the development per quarter has been as follows.

1. Orders with a value over EUR 5 million.

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

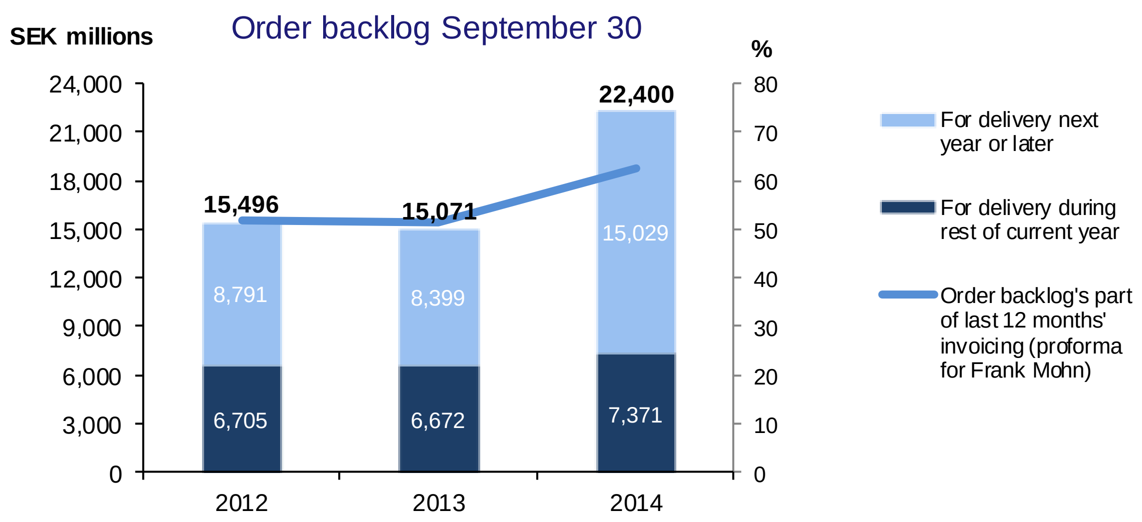
Order bridge

Consolidated	Order intake	Change					Order intake
		Excluding currency effects			**After currency effects**		
	Prior periods SEK millions	Structural change [2] (%)	Organic development [3] (%)	Total (%)	Currency effects (%)	Total (%)	Current periods SEK millions
Q3 2014/2013	7,415	20.0	5.7	25.7	5.2	30.9	9,708
Q3/Q2 2014	8,969	10.4	-4.5	5.9	2.3	8.2	9,708
YTD 2014/2013	22,069	11.1	5.4	16.5	2.0	18.5	26,151

Orders received from Service[4] constituted 25.6 (27.6) percent of the Group's total orders received during the third quarter and 26.4 (27.7) percent during the first nine months.

Excluding currency effects, the order intake for Service increased by 16.0 percent during the third quarter 2014 compared to the corresponding quarter last year (the corresponding organic development was an increase by 6.1 percent) and increased with 4.3 percent compared to the previous quarter (the corresponding organic development was a decrease by 1.4 percent). For the first nine months 2014 the increase was 11.2 percent compared to the corresponding period last year (the corresponding organic development was an increase by 6.4 percent).

Order backlog



Excluding currency effects and adjusted for acquisition of businesses the order backlog was 7.3 percent larger than the order backlog at September 30, 2013 and 10.9 percent larger than the order backlog at the end of 2013. The order backlog at September 30, 2014 for Frank Mohn was SEK 5,944 million.

2. Acquired businesses are: Frank Mohn AS at May 22, 2014 and Niagara Blower Company at May 29, 2013.
3. Change excluding acquisition of businesses.
4. Formerly Parts & Service.

Net sales

Net invoicing was SEK 9,272 (7,172) million for the third quarter and SEK 24,292 (21,192) million for the first nine months. The net sales for Frank Mohn has impacted the 2014 figures with SEK 1,298 million and SEK 1,850 million respectively. The change compared with the corresponding periods last year and the previous quarter can be split into:

Consolidated

Sales bridge

	Net sales	Change					Net sales
		Excluding currency effects			After currency effects		
	Prior periods SEK millions	Structural change (%)	Organic development (%)	Total (%)	Currency effects (%)	Total (%)	Current periods SEK millions
Q3 2014/2013	7,172	18.3	5.3	23.6	5.7	29.3	9,272
Q3/Q2 2014	8,423	9.1	-2.3	6.8	3.3	10.1	9,272
YTD 2014/2013	21,192	9.3	3.3	12.6	2.0	14.6	24,292

Net invoicing relating to Service constituted 26.4 (26.4) percent of the Group's total net invoicing in the third quarter and 27.5 (27.3) percent in the first nine months.

Excluding currency effects, the net invoicing for Service increased by 23.4 percent during the third quarter 2014 compared to the corresponding quarter last year (the corresponding organic development was an increase by 10.6 percent) and increased with 3.2 percent compared to the previous quarter (the corresponding organic development was a decrease by 13.0 percent). For the first nine months 2014 the increase was 13.6 percent compared to the corresponding period last year (the corresponding organic development was an increase by 7.5 percent).

Income

CONSOLIDATED COMPREHENSIVE INCOME

	Third quarter		First nine months		Full year	Last 12
SEK millions	2014	2013 *	2014	2013 *	2013 *	months
Net sales	9,272	7,172	24,292	21,192	29,801	32,901
Cost of goods sold	-6,284	-4,686	-15,987	-13,645	-19,267	-21,609
Gross profit	2,988	2,486	8,305	7,547	10,534	11,292
Sales costs	-1,042	-908	-3,016	-2,721	-3,478	-3,773
Administration costs	-337	-309	-1,033	-945	-1,582	-1,670
Research and development costs	-180	-172	-569	-520	-702	-751
Other operating income **	96	102	302	287	476	491
Other operating costs **	-524	-144	-980	-565	-895	-1,310
Operating income	1,001	1,055	3,009	3,083	4,353	4,279
Dividends and changes in fair value	3	2	7	5	8	10
Interest income and financial exchange rate gains	178	93	448	242	358	564
Interest expense and financial exchange rate losses	-191	-75	-520	-359	-547	-708
Result after financial items	991	1,075	2,944	2,971	4,172	4,145
Taxes	-294	-253	-887	-802	-1,132	-1,217
Net income for the period	697	822	2,057	2,169	3,040	2,928
Other comprehensive income: Items that will subsequently be reclassified to net income						
Cash flow hedges	-125	90	-124	5	13	-116
Translation difference	613	-382	1,139	-311	39	1,489
Deferred tax on other comprehensive income	-51	-18	-56	-1	-14	-69
Sum	437	-310	959	-307	38	1,304
Items that will subsequently not be reclassified to net income						
Revaluations of defined benefit obligations	0	0	0	0	234	234
Deferred tax on other comprehensive income	0	0	0	0	-81	-81
Sum	0	0	0	0	153	153
Comprehensive income for the period	1,134	512	3,016	1,862	3,231	4,385
Net income attributable to:						
Owners of the parent	692	818	2,046	2,160	3,027	2,913
Non-controlling interests	5	4	11	9	13	15
Earnings per share (SEK)	1.65	1.95	4.88	5.15	7.22	6.94
Average number of shares	419,456,315	419,456,315	419,456,315	419,456,315	419,456,315	419,456,315
Comprehensive income attributable to:						
Owners of the parent	1,123	512	2,998	1,847	3,212	4,363
Non-controlling interests	11	0	18	15	19	22

* Restated to IFRS 11, see page 25.
** The line has been affected by comparison distortion items, see separate specification on page 7.

The gross profit has compared to both the third quarter 2013 and the previous quarter been positively affected by an increased sales volume. Negative factors have been a negative price/mix effect within capital sales and a lower gross margin level for the acquired Frank Mohn compared to the rest of Alfa Laval. The gross margin has also been negatively impacted by transactional currency effects.

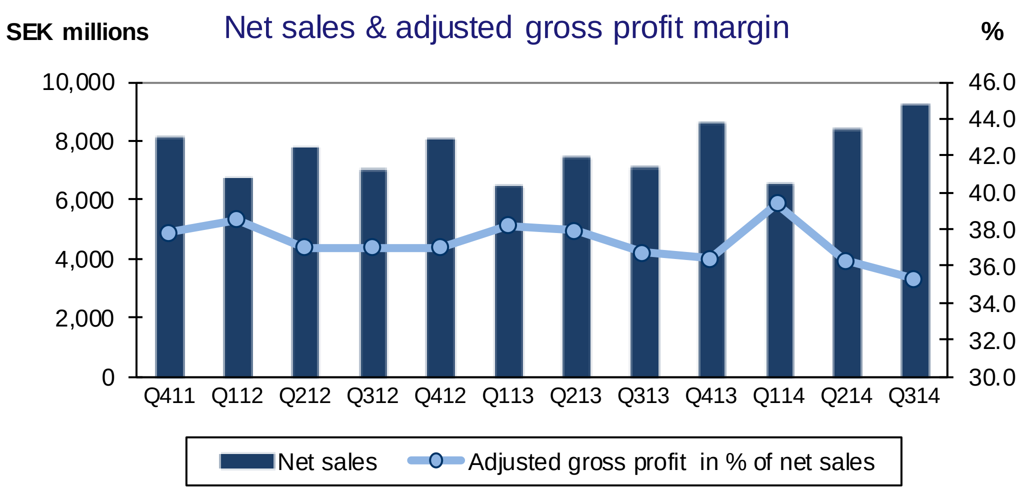
Sales and administration expenses amounted to SEK 1,379 (1,217) million during the third quarter and SEK 4,049 (3,666) million during the first nine months 2014. Excluding currency effects and acquisition of businesses, sales and administration expenses were 4.9 percent and 5.7 percent higher respectively than the corresponding periods last year. The increase comes from salary and wage inflation and a build-up of resources for organic growth. The corresponding figure when comparing the third quarter 2014 with the previous quarter is a decrease with 5.2 percent.

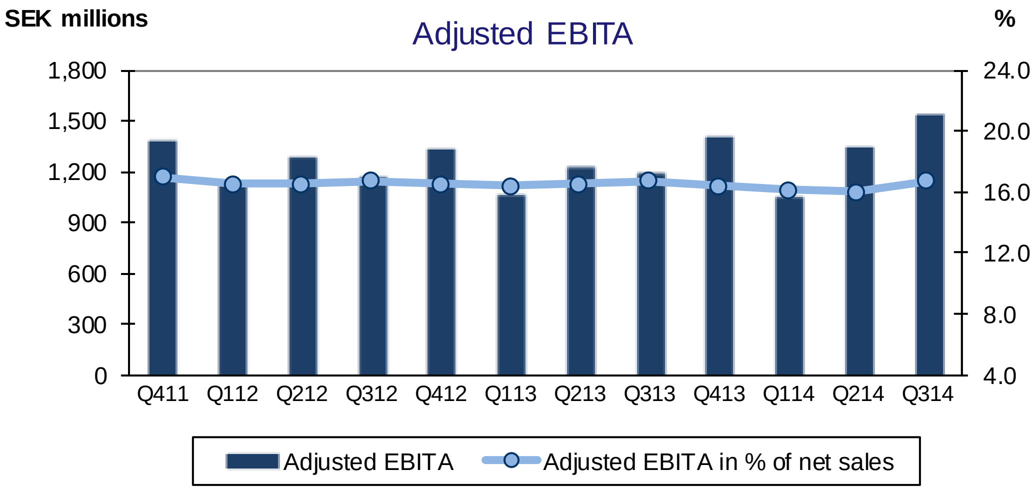
The costs for research and development during the first nine months 2014 corresponded to 2.3 (2.5) percent of net sales. Excluding currency effects and acquisition of businesses, the costs for research and development have increased by 1.4 percent during the third quarter and by 7.0 percent during the first nine months 2014 compared to the corresponding periods last year. The increase is mainly explained by a limited increase of the development resources and salary inflation.

The net income attributable to the owners of the parent, excluding depreciation of step-up values and the corresponding tax, is SEK 5.94 (5.89) per share for the first nine months 2014.

Consolidated	Income analysis					
	Third quarter		First nine months		Full year	Last 12
SEK millions	2014	2013 *	2014	2013 *	2013 *	months
Net sales	9,272	7,172	24,292	21,192	29,801	32,901
Adjusted gross profit **	3,272	2,629	8,931	7,966	11,095	12,060
- in % of net sales	***35.3***	***36.7***	***36.8***	***37.6***	***37.2***	***36.7***
Expenses ***	-1,575	-1,319	-4,580	-4,128	-5,735	-6,187
- in % of net sales	*17.0*	*18.4*	*18.9*	*19.5*	*19.2*	*18.8*
Adjusted EBITDA	**1,697**	**1,310**	**4,351**	**3,838**	**5,360**	**5,873**
- in % of net sales	*18.3*	*18.3*	*17.9*	*18.1*	*18.0*	*17.9*
Depreciation	-152	-112	-396	-336	-446	-506
Adjusted EBITA	**1,545**	**1,198**	**3,955**	**3,502**	**4,914**	**5,367**
- in % of net sales	***16.7***	***16.7***	***16.3***	***16.5***	***16.5***	***16.3***
Amortisation of step up values	-284	-143	-626	-419	-561	-768
Comparison distortion items	-260	-	-320	-	-	-320
Operating income	1,001	1,055	3,009	3,083	4,353	4,279

* Restated to IFRS 11. ** Excluding amortisation of step up values. *** Excluding comparison distortion items.





Comparison distortion items

The operating income has been affected by comparison distortion items of SEK -260 (-) million for the third quarter and SEK -320 (-) million for the first nine months 2014. Comparison distortion items are reported gross in the comprehensive income statement as a part of other operating income and other operating costs.

Alfa Laval has completed the review of costs and structure that was announced in connection with the interim report for the second quarter. The review has touched upon the supply chain as well as R&D, sales and administration. Change activities and saving measures have already been initiated. These include initiatives for reduced costs and activities as well as structural changes, for instance the recently announced move of production from Denmark to China. The programme is expected to be fully implemented during the fourth quarter 2015, when the savings are estimated to reach a level of SEK 300 million on a yearly basis. The costs are expected to amount to SEK 260 million, out of which SEK 235 million have a cash flow effect. The costs have been included in the third quarter as a comparison distortion item. The measures are expected to affect about 400 employees gross and after completion mean a personnel reduction of 300 employees.

The comparison distortion cost of SEK -60 million in the first quarter 2014 related to one time acquisition costs in connection with the acquisition of Frank Mohn AS.

Consolidated	Comparison distortion items					
	Third quarter		First nine months		Full year	Last 12
SEK millions	2014	2013 *	2014	2013 *	2013 *	months
Operational						
Other operating income	96	102	302	287	476	491
Comparison distortion income	-	-	-	-	-	-
Total other operating income	96	102	302	287	476	491
Other operating costs	-264	-144	-660	-565	-895	-990
Comparison distortion costs	-260	-	-320	-	-	-320
Total other operating costs	-524	-144	-980	-565	-895	-1,310

* Restated to IFRS 11.

Consolidated financial net

The financial net has amounted to SEK -156 (-79) million, excluding realised and unrealised exchange rate losses and gains. The main elements of costs were interest on the debt to the banking syndicate and on the bridge loan of SEK -46 (-17) million, interest on the bilateral term loans of SEK -54 (-51) million, interest on the private placement of SEK -8 (-9) million, interest on the commercial papers of SEK -4 (-) million, interest on the corporate bonds of SEK -4 (-) million and a net of dividends and other interest income and interest costs of SEK -40 (-2) million. The net of realised and unrealised exchange rate differences has amounted to SEK 91 (-33) million.

Key figures

Consolidated	Key figures		
	September 30		December 31
	2014	2013 *	2013 *
Return on capital employed (%) **	20.6	26.1	26.4
Return on equity capital (%) **	17.9	21.4	20.4
Solidity (%) ***	31.9	42.5	46.3
Net debt to EBITDA, times **	2.79	0.70	0.49
Debt ratio, times ***	0.88	0.25	0.16
Number of employees ***	17,820	16,221	16,262

* Restated to IFRS 11. ** Calculated on a 12 months' revolving basis. *** At the end of the period.

Please note that all key figures calculated on a 12 months' revolving basis have not been proforma adjusted for the acquisition of Frank Mohn AS.

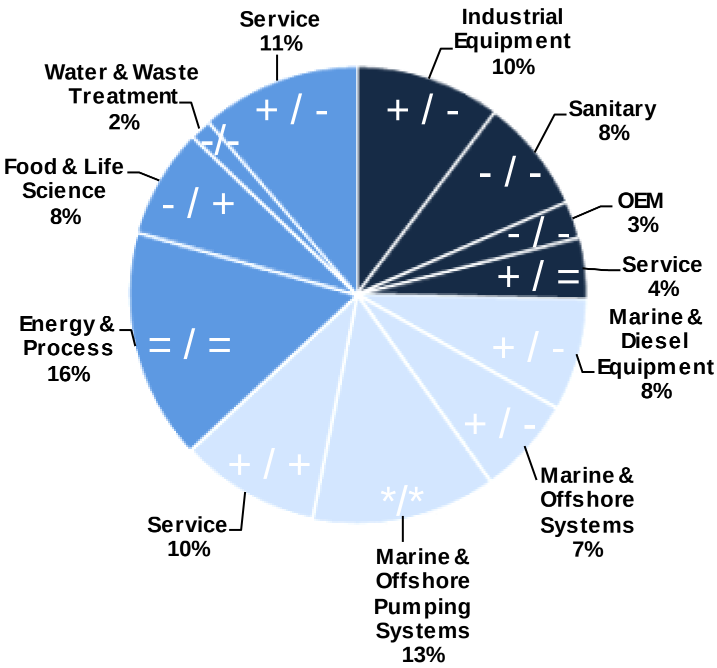
Business divisions

The Process Technology division did as of April 1, 2014 re-organise its three former capital sales segments Energy & Environment, Food Technology and Process Industry into three new segments: Energy & Process, Food & Life Science and Water & Waste Treatment. The change was basically made by redistributing the existing market units between the customer segments in order to better meet the market and seize the growth opportunities. See the section on the Process Technology division below for more details. The comparison figures in the graphs below have been restated.

The acquisition of Frank Mohn AS meant the creation of a new capital sales segment in the Marine & Diesel division, Marine & Offshore Pumping Systems, which only contains the new business. For this reason there are no comparison figures.

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

Orders received by customer segment Q3 2014



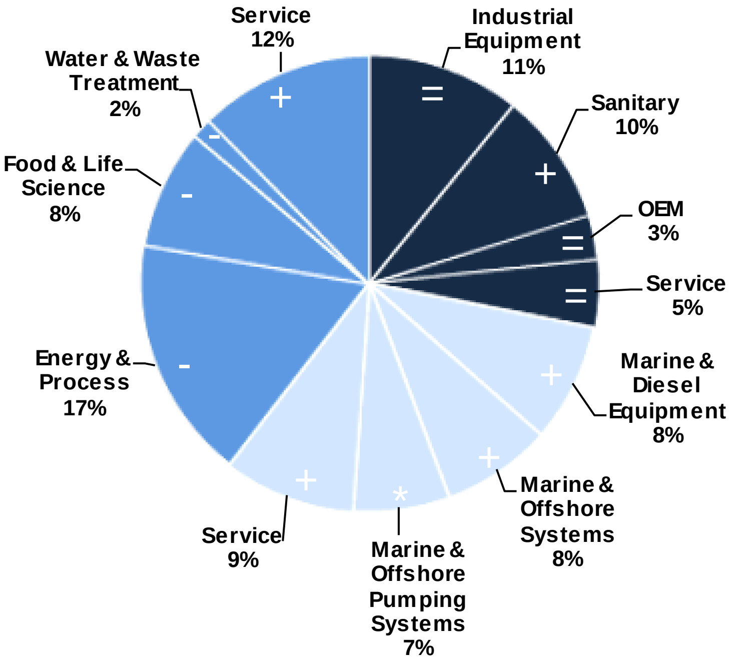
Q3 2014 compared to Q3 2013 / Q3 2014 compared to Q2 2014

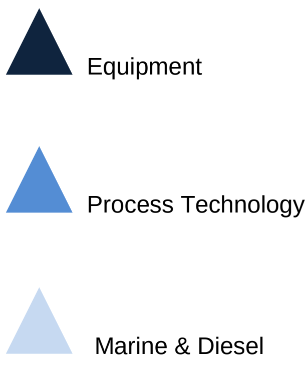
+ increase
- decrease
= unchanged (+/- 3 %)

at constant rates adjusted for acquisition of businesses

* New customer segment, no comparison figures exist.

Orders received by customer segment YTD 2014





YTD 2014 compared to YTD 2013

Equipment division

Consolidated	Third quarter		First nine months		Full year	Last 12
SEK millions	2014	2013 *	2014	2013 *	2013 *	months
Orders received	2,462	2,360	7,344	7,063	9,471	9,752
Order backlog**	1,665	1,614	1,665	1,614	1,495	1,665
Net sales	2,531	2,443	7,158	6,944	9,462	9,676
Operating income***	306	365	913	967	1,306	1,252
Operating margin	12.1%	14.9%	12.8%	13.9%	13.8%	12.9%
Depreciation and amortisation	46	44	134	127	170	177
Investments	9	12	33	33	54	54
Assets**	5,890	6,004	5,890	6,004	5,902	5,890
Liabilities**	938	891	938	891	882	938
Number of employees**	2,662	2,715	2,662	2,715	2,696	2,662

* Restated to IFRS 11. ** 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
Q3 2014/2013	-	-0.4	-0.4	-	-1.2	-1.2
Q3/Q2 2014	-	-8.0	-8.0	-	1.8	1.8
YTD 2014/2013	-	1.7	1.7	-	0.8	0.8

All comments below are excluding currency effects.

Order intake

Order intake in the Equipment division declined in the third quarter from the record levels in the previous quarter. Although Industrial Equipment had a good order intake for products going into HVAC applications, demand was lower across most other areas.

Sanitary had a decline in order intake, affected by a negative demand situation for products going into dairy applications. Another explanatory factor for the overall weaker development was the impact on demand for Alfa Laval's products in conflict affected areas such as Russia and the Middle East. **Industrial Equipment** also experienced a drop in order intake, affected by a lower activity level in areas requiring products for refrigeration purposes, such as food industry cold chains. Demand for HVAC related products, however, continued to benefit seasonally and rose compared to the second quarter, boosted by strong demand in for instance China. In **OEM**, order intake declined driven by a combination of a weak season for A/C due to a relatively cold summer in parts of Europe and the fact that some of our key customers advanced orders to the second quarter ahead of the vacation period.

Demand for **Service** remained on the same high level as the previous quarter.

Operating income

The decrease in operating income for Equipment during the third quarter 2014 compared to the corresponding period last year is mainly explained by higher development, sales and administration costs, partly mitigated by a higher sales volume.

Process Technology division

Consolidated	Third quarter		First nine months		Full year	Last 12
SEK millions	2014	2013	2014	2013	2013	months
Orders received	3,586	3,522	10,343	10,049	13,935	14,229
Order backlog*	8,777	8,790	8,777	8,790	8,393	8,777
Net sales	3,619	3,210	10,054	9,548	13,813	14,319
Operating income**	523	525	1,594	1,673	2,479	2,400
Operating margin	14.5%	16.4%	15.9%	17.5%	17.9%	16.8%
Depreciation and amortisation	82	75	237	224	297	310
Investments	21	17	68	61	98	105
Assets*	10,488	10,542	10,488	10,542	10,828	10,488
Liabilities*	4,835	4,579	4,835	4,579	4,029	4,835
Number of employees*	5,427	5,229	5,427	5,229	5,256	5,427

* 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
Q3 2014/2013	-	-2.9	-2.9	-	7.2	7.2
Q3/Q2 2014	-	0.4	0.4	-	-2.1	-2.1
YTD 2014/2013	3.6	-2.0	1.6	1.0	2.9	3.9

All comments below are excluding currency effects.

Re-organisation

The Process Technology division did as of April 1, 2014 re-organise its three former capital sales segments Energy & Environment, Food Technology and Process Industry into three new segments: Energy & Process, Food & Life Science and Water & Waste Treatment. The following changes were made: Market unit environment was moved from Energy & Environment to the new Water & Waste Treatment segment. Market units oil & gas and power from Energy & Environment and the market units inorganics, metals & paper, petrochemicals and refinery from Process Industry were moved to the new Energy & Process segment. Market unit life science & renewable resources in Process Industry and the market units in Food Technology (protein, brewery, food solutions & olive oil and vegetable oil technology) were moved to the new Food & Life Science segment.

Order intake

The Process Technology division's order intake in the third quarter was unchanged from the second quarter, reflecting a steady development for both the base business and large orders. Strong growth was noted in North America, whereas Europe, Latin America and Asia all declined.

The order intake for the **Energy & Process** segment was unchanged with a mixed development in its different end markets. Market unit oil & gas developed very well, thanks to a generally high investment activity in the industry, not least in North America. Market unit power also reported a strong quarter. The market units refinery and petrochemicals with project-based businesses, which frequently swing in between the quarters, declined. **Food & Life Science** did well in the third quarter, compared to the second. Good growth was recorded in market unit brewery as well as life science & renewable resources. Market unit food solutions and olive oil was unchanged, whereas order intake contracted somewhat in market unit vegetable oil technology. **Water & Waste Treatment** also declined somewhat. Europe noted a contraction, reflecting the end of the current investment cycles in some countries in the region. North America and Asia, on the other hand, showed strong growth.

For **Service** the demand for parts as well as service declined somewhat due to non-repeats of large orders in the previous quarter.

Operating income

The operating income for Process Technology during the third quarter 2014 was basically unchanged compared to the corresponding period last year. However, the result has been impacted by higher sales and administration costs and a negative price/mix variation, offset by a higher sales volume.

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

Marine & Diesel division

Consolidated	Third quarter		First nine months		Full year	Last 12
SEK millions	2014	2013 *	2014	2013 *	2013 *	months
Orders received	3,660	1,533	8,464	4,957	6,796	10,303
Order backlog**	11,958	4,667	11,958	4,667	4,680	11,958
Net sales	3,122	1,519	7,080	4,700	6,526	8,906
Operating income***	550	221	1,282	829	1,248	1,701
Operating margin	17.6%	14.5%	18.1%	17.6%	19.1%	19.1%
Depreciation and amortisation	215	49	380	148	196	428
Investments	38	12	60	21	35	74
Assets**	24,948	7,594	24,948	7,594	7,817	24,948
Liabilities**	4,329	2,110	4,329	2,110	2,050	4,329
Number of employees**	3,099	1,817	3,099	1,817	1,817	3,099

* Restated to IFRS 11. ** 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
Q3 2014/2013	97.1	34.9	132.0	86.8	11.7	98.5
Q3/Q2 2014	32.9	-7.8	25.1	33.0	-8.2	24.8
YTD 2014/2013	42.3	25.5	67.8	40.2	7.8	48.0

All comments below are excluding currency effects.

Re-organisation

The manufacturing within Aalborg was as per May 1, 2014 moved from the Marine & Diesel Division to Operations within Other. The comparison figures for last year have been restated correspondingly.

Order intake

Order intake for the Marine & Diesel division, excluding the Marine & Offshore Pumping Systems segment, decreased in the third quarter compared to the previous quarter. This is mainly due to non-repeat large contracts in Marine & Offshore Systems, but also as the decline in yard contracting earlier in the year started to impact the order intake. Including Marine & Offshore Pumping Systems, order intake was higher than in the second quarter.

Marine & Offshore Systems, affected by the non-repeat orders for boilers for larger ship series, saw a decline for offshore systems as well. Demand for exhaust gas cleaning systems, however, recorded continued growth. **Marine & Diesel Equipment** reported a very modest decline from the previous quarter, as an increase in demand for environmental solutions as well as diesel power partly offset lower demand from the yards for equipment going into new ships. **Marine & Offshore Pumping Systems** reported continued good order intake, reflecting a good level of yard contracting of product tankers and chemical tankers. Two large offshore orders, taken in the quarter, added to the positive development.

Service showed a good development due to increased parts sales as well as higher repair activity.

Operating income

The increase in operating income for Marine & Diesel during the third quarter 2014 compared to the corresponding period last year is primarily explained by a higher sales volume, mainly due to the acquisition of Frank Mohn, partly mitigated by a negative price/mix effect and higher costs for sales and administration.

Other

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

As per May 1, 2014 the manufacturing within Aalborg was moved from the Marine & Diesel Division to Operations within Other. The comparison figures for last year have been restated correspondingly.

Consolidated	Third quarter		First nine months		Full year	Last 12
SEK millions	2014	2013	2014	2013	2013	months
Orders received	0	0	0	0	0	0
Order backlog*	0	0	0	0	0	0
Net sales	0	0	0	0	0	0
Operating income**	-121	-58	-442	-327	-586	-701
Depreciation and amortisation	93	87	271	256	344	359
Investments	76	64	237	170	305	372
Assets*	8,061	5,594	8,061	5,594	5,517	8,061
Liabilities*	2,876	2,276	2,876	2,276	2,558	2,876
Number of employees*	6,632	6,460	6,632	6,460	6,493	6,632

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

Reconciliation between divisions and Group total

Consolidated	Third quarter		First nine months		Full year	Last 12
SEK millions	2014	2013 *	2014	2013 *	2013 *	months
Operating income						
Total for divisions	1,258	1,053	3,347	3,142	4,447	4,652
Comparison distortion items	-260	-	-320	-	-	-320
Consolidation adjustments **	3	2	-18	-59	-94	-53
Total operating income	1,001	1,055	3,009	3,083	4,353	4,279
Financial net	-10	20	-65	-112	-181	-134
Result after financial items	991	1,075	2,944	2,971	4,172	4,145
Assets ***						
Total for divisions	49,387	29,734	49,387	29,734	30,064	49,387
Corporate	5,908	5,110	5,908	5,110	4,845	5,908
Group total	55,295	34,844	55,295	34,844	34,909	55,295
Liabilities ***						
Total for divisions	12,978	9,856	12,978	9,856	9,519	12,978
Corporate	24,699	10,195	24,699	10,195	9,228	24,699
Group total	37,677	20,051	37,677	20,051	18,747	37,677

* Restated to the new IAS 19 and IFRS 11. ** Difference between management accounts and IFRS. *** At the end of the period.

Information about products and services

Consolidated	Net sales by product/service **					
	Third quarter		First nine months		Full year	Last 12
SEK millions	2014	2013 *	2014	2013 *	2013 *	months
Own products within:						
Separation	1,856	1,580	5,045	4,590	6,576	7,031
Heat transfer	4,134	3,879	11,799	11,484	16,001	16,316
Fluid handling	2,243	797	4,521	2,370	3,254	5,405
Other	192	196	627	547	799	879
Associated products	488	419	1,247	1,270	1,848	1,825
Services	359	301	1,053	931	1,323	1,445
Total	9,272	7,172	24,292	21,192	29,801	32,901

* Restated to IFRS 11.

** 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 third quarter

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

Alfa Laval Micro Range

Alfa Laval Micro is a complete and ready to install heating and hot water sub-station developed for apartment buildings and family houses. Ultra-compact Micro heat interface units are engineered to provide energy efficient and problem free hot water and space heating. They are also quick and easy to install, and can tap into any heating source, such as district and community heating networks, as well as hybrid central heating. All components are easily accessible for inspection and service. The Micro's strength is the energy-saving low return temperatures that save money and are better for the environment through reduced CO_2 emissions.

Alfa Laval PureSOx 2.0

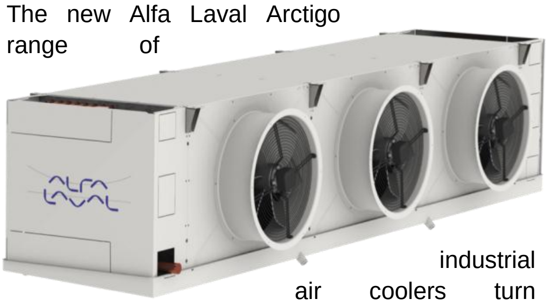
PureSOx 2.0 is the next generation of the PureSOx platform – Alfa Laval's system for sulphur exhaust gas cleaning. The system has been at sea since 2009 and was launched commercially 2012. PureSOx has been shown to reliably remove more than 98% of the SOx content in exhaust gas, as well as up to 80% of the particulate matter (PM), which exceeds the requirements set by IMO in MARPOL. Annex VI. Even when engine load fluctuates, PureSOx keeps emissions firmly within ECA limits, which will become effective from January 1, 2015. PureSOx 2.0 combines the proven scrubber technology from the first generation of the system with several innovations leading to greater compactness and flexibility in both installation and operation, which makes it suitable for an even wider range of vessels.

The new advantages include a more compact design with a 15% smaller scrubber diameter and a 50% smaller control system. A greater modularity in the water cleaning unit simplifies both design and installation. PureSOx 2.0 handles exhaust gas from both engine and boilers and the scrubber can be placed before the silencer since it attenuates noise on its own. Both these options reduce additional equipment. If desired, liquid additive used in closed-loop mode can be replaced by powder, which means safer handling and lower consumable costs. PureSOx 2.0's compact construction and new integration possibilities simplify design and installation and likewise, it offers alternatives that can further reduce costs.

Alfa Laval Aalborg HPNC Boiler

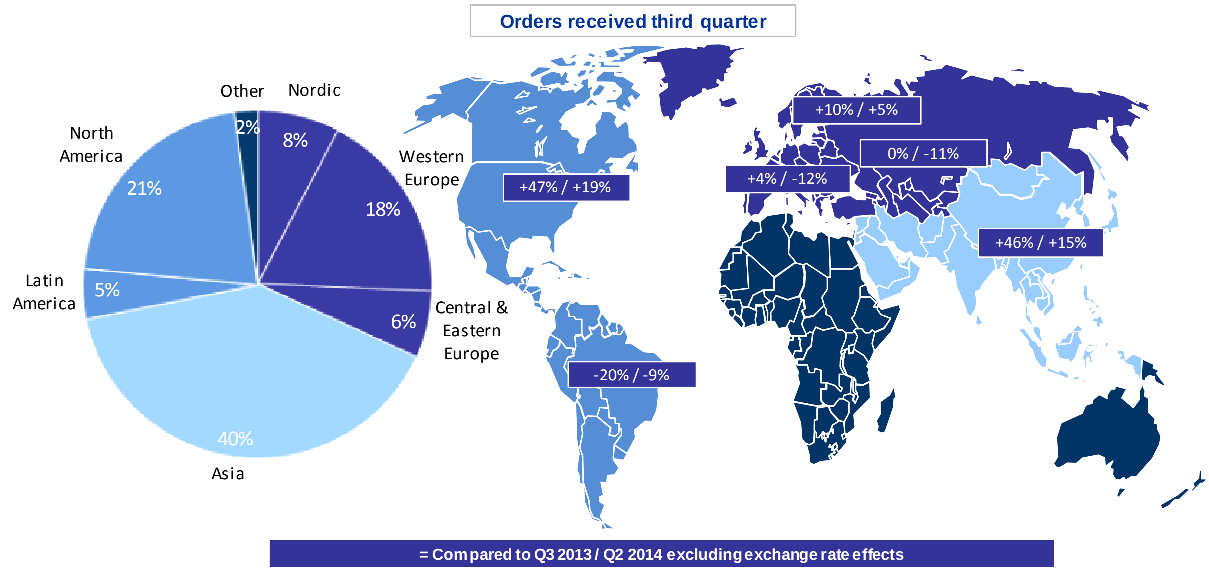
The Alfa Laval Aalborg High Pressure Natural Circulation (HPNC) steam boiler is a high performance boiler developed to comply with the rigorous specifications of the food and vegetable oil industry, by ensuring high quality and reliability throughout the plant life time. The high pressure boiler is supplied in 9 different standard sizes, with steam effect ranging from 125 to 2,500 kW. The standard boiler is designed to operate at steam pressures up to a gauge pressure of 90 bars. Highest possible efficiency is ensured through a compact design, and reliable operation is guaranteed by using high quality instrumentation and a state-of-the-art PLC based control system.

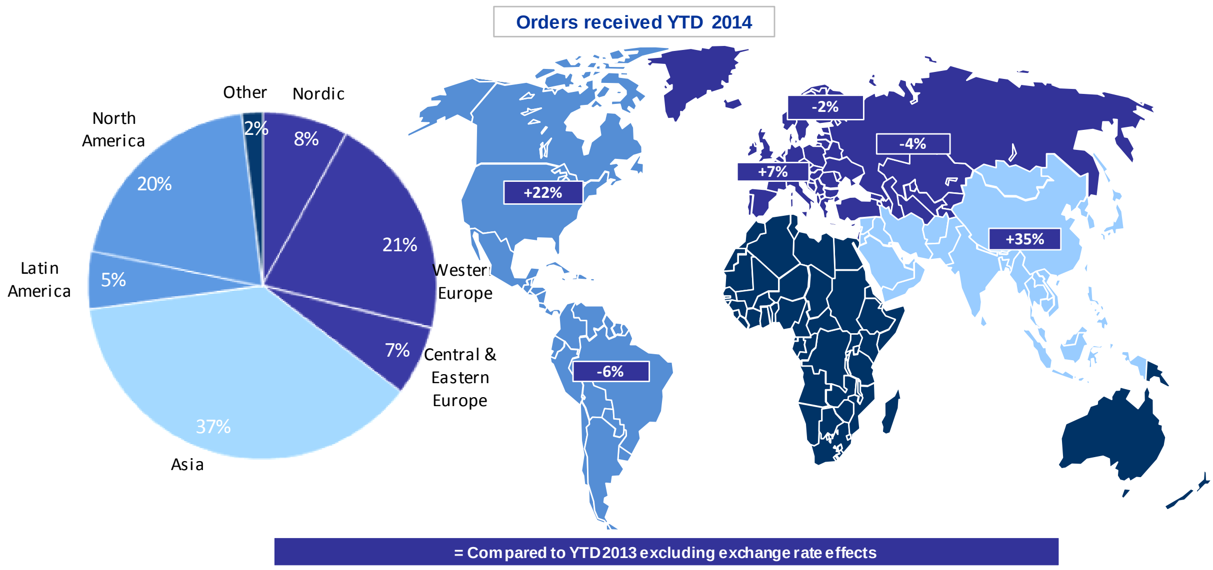
Alfa Laval Arctigo



The new Alfa Laval Arctigo range of industrial air coolers turn innovative design into optimal solutions for a wide variety of applications. Based on a unique modular concept, every Arctigo air cooler is custom-built according to the specific requirements of the application to deliver optimal energy efficiency, reliability and convenience. Arctigo air coolers are built with an application led approach to create the optimal design for industrial applications: from freezing and cold storage in industrial premises, cooling in slaughter houses, fish and meat processing areas, to climate control in storage rooms for fresh food.

Information by region





All comments are excluding currency effects.

Western Europe including Nordic

Order intake decreased in the third quarter compared with the second, affected by fewer large contracts and a modest decline in the base business*. Marine & Diesel Equipment and Food & Life Science developed well, while OEM, Sanitary, Energy & Process and Water & Waste Treatment all declined. The Service business remained flat. From a regional perspective Nordic and Adriatic grew, while France was unchanged and Mid Europe, Iberica and Benelux declined, mainly due to fewer larger contracts.

Central and Eastern Europe

Central & Eastern Europe reported a drop in order intake in the third quarter compared to the second quarter, mainly due to fewer large orders, but also through a decline in the base business. Russia was negatively affected by non-repeat large projects. The base business however saw a positive development, driven by a good activity level in the food and comfort markets. The general sentiment in the country reflects a slower pace, as the indirect effects of the introduced sanctions are starting to show. Turkey and South East Europe were exceptions to the otherwise negative sentiment in the region, all reporting order volumes in line with or above the previous quarter, driven by a positive development for the Process Technology division.

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

North America

North America reported continued order growth in the third quarter compared to the second, completely driven by large orders since the base business remained unchanged. Energy & Process, Water & Waste Treatment and Marine & Offshore Pumping Systems did particularly well in the quarter, while Food & Life Science, Industrial Equipment and Sanitary declined. Canada recorded the strongest growth, but the United States also performed very well.

Latin America

Order intake dropped in the third quarter compared to the previous quarter, mainly due to fewer large orders in the quarter in Brazil. Large investments in the country were affected by the economic development and general uncertainty due to the ongoing elections. The base business, however, performed well in the country, boosted by a positive development in the Equipment division. Generally in the region, food volumes were lower, while the service business developed well. Oil & gas also performed well outside of Brazil, with large orders booked in Mexico and Peru.

Asia

Order intake enjoyed a strong development during the third quarter compared to the second, as a result of the Frank Mohn acquisition. Excluding Frank Mohn, order intake was slightly lower due to the non-repeat of large projects, mainly in Marine & Diesel, but also in Process Technology. The base business and Service both performed very well in the region. Marine saw a negative impact from large projects, while the base business performed very well, still benefitting from the earlier surge in ship contracting at the yards. In Equipment and Process Technology, which also saw fewer large projects, the best performance was reported in market units comfort, refrigeration, food solutions & olive oil and petrochemicals. China saw a broad-based positive development, but with fewer large projects, as the customers' wait-and-see attitude led to projects being postponed.

Consolidated	Net sales					
	Third quarter		First nine months		Full year	Last 12
SEK millions	2014	2013 *	2014	2013 *	2013 *	months
To customers in:						
Sweden	189	221	599	617	881	863
Other EU	2,260	1,957	6,323	5,825	8,127	8,625
Other Europe	591	593	1,741	1,799	2,702	2,644
USA	1,498	1,200	3,927	3,534	4,811	5,204
Other North America	297	192	766	634	1,117	1,249
Latin America	587	418	1,603	1,272	1,797	2,128
Africa	71	77	232	223	299	308
China	1,083	821	2,655	2,151	2,992	3,496
Other Asia	2,582	1,593	6,090	4,820	6,643	7,913
Oceania	114	100	356	317	432	471
Total	9,272	7,172	24,292	21,192	29,801	32,901

* Restated to IFRS 11.

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

Consolidated	Non-current assets		
	September 30		December 31
SEK millions	2014	2013 *	2013 *
Sweden	1,442	1,476	1,461
Denmark	4,535	4,366	4,493
Other EU	4,087	3,951	4,079
Norway	15,839	69	68
Other Europe	216	225	230
USA	4,172	3,898	3,890
Other North America	115	114	110
Latin America	385	376	366
Africa	1	1	1
Asia	2,944	2,624	2,680
Oceania	83	81	77
Subtotal	33,819	17,181	17,455
Other long-term securities	4	3	8
Pension assets	21	33	11
Deferred tax asset	1,655	1,307	1,401
Total	35,499	18,524	18,875

* Restated to the new IAS 19 and IFRS 11.

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 3-5 percent of net sales.

Cash flows

CONSOLIDATED CASH FLOWS

SEK millions	Third quarter 2014	Third quarter 2013 *	First nine months 2014	First nine months 2013 *	Full year 2013 *	Last 12 months
Operating activities						
Operating income	1,001	1,055	3,009	3,083	4,353	4,279
Adjustment for depreciation	436	255	1,022	755	1,007	1,274
Adjustment for other non-cash items	-70	52	-121	53	-38	-212
	1,367	1,362	3,910	3,891	5,322	5,341
Taxes paid	-321	-378	-1,027	-1,076	-1,093	-1,044
	1,046	984	2,883	2,815	4,229	4,297
Changes in working capital:						
Increase(-)/decrease(+) of receivables	375	210	95	258	113	-50
Increase(-)/decrease(+) of inventories	-113	-29	-376	-440	-133	-69
Increase(+)/decrease(-) of liabilities	67	-59	595	342	204	457
Increase(+)/decrease(-) of provisions	292	-112	236	28	-180	28
Increase(-)/decrease(+) in working capital	**621**	**10**	**550**	**188**	**4**	**366**
	1,667	994	3,433	3,003	4,233	4,663
Investing activities						
Investments in fixed assets (Capex)	-144	-105	-398	-285	-492	-605
Divestment of fixed assets	1	6	1	6	36	31
Acquisition of businesses	-9	3	-14,393	-507	-495	-14,381
	-152	-96	-14,790	-786	-951	-14,955
Financing activities						
Received interests and dividends	25	47	67	94	122	95
Paid interests	-79	-80	-206	-156	-208	-258
Realised financial exchange differences	-208	1	26	11	-16	-1
Dividends to owners of the parent	-	-	-1,573	-1,468	-1,468	-1,573
Dividends to non-controlling interests	0	-	-4	-	-	-4
Increase(-)/decrease(+) of financial assets	4	16	84	-127	-190	21
Increase(+)/decrease(-) of borrowings	-997	-860	13,387	-559	-1,431	12,515
	-1,255	-876	11,781	-2,205	-3,191	10,795
Cash flow for the period	260	22	424	12	91	503
Cash and bank at the beginning of the period	1,665	1,377	1,446	1,389	1,389	1,353
Translation difference in cash and bank	50	-46	105	-48	-34	119
Cash and bank at the end of the period	1,975	1,353	1,975	1,353	1,446	1,975
Free cash flow per share (SEK) **	3.61	2.14	-27.08	5.29	7.82	-24.54
Capex in relation to sales	1.6%	1.5%	1.6%	1.3%	1.7%	1.8%
Average number of shares	419,456,315	419,456,315	419,456,315	419,456,315	419,456,315	419,456,315

* Restated to IFRS 11.
** Free cash flow is the sum of cash flows from operating and investing activities.

During the first nine months 2014 cash flows from operating and investing activities amounted to SEK -11,357 (2,217) million. Depreciation, excluding allocated step-up values, was SEK 396 (336) million during the first nine months.

Financial position and equity

CONSOLIDATED FINANCIAL POSITION

SEK millions	September 30 2014	September 30 2013 *	December 31 2013 *	Opening balance January 1 2013
ASSETS				
Non-current assets				
Intangible assets	28,784	13,498	13,643	13,599
Property, plant and equipment	5,008	3,655	3,785	3,812
Other non-current assets	1,707	1,371	1,447	1,535
	35,499	18,524	18,875	18,946
Current assets				
Inventories	7,941	6,510	6,312	6,170
Assets held for sale	-	-	-	9
Accounts receivable	5,973	4,924	5,039	5,195
Other receivables	3,170	2,831	2,413	2,503
Derivative assets	113	211	219	325
Other current deposits	624	491	605	422
Cash and bank **	1,975	1,353	1,446	1,389
	19,796	16,320	16,034	16,013
TOTAL ASSETS	55,295	34,844	34,909	34,959
SHAREHOLDERS' EQUITY AND LIABILITIES				
Equity				
Owners of the parent	17,512	14,722	16,087	14,392
Non-controlling interests	106	71	75	61
	17,618	14,793	16,162	14,453
Non-current liabilities				
Liabilities to credit institutions etc	16,805	4,927	3,529	5,393
Provisions for pensions and similar commitments	1,658	1,645	1,494	1,727
Provision for deferred tax	2,890	1,616	1,758	1,931
Other provisions	501	455	423	466
	21,854	8,643	7,204	9,517
Current liabilities				
Liabilities to credit institutions etc	1,194	499	1,049	610
Accounts payable	2,750	2,188	2,388	2,327
Advances from customers	3,723	2,539	2,027	2,121
Other provisions	1,837	1,641	1,539	1,603
Other liabilities	6,080	4,361	4,306	4,141
Derivative liabilities	239	180	234	187
	15,823	11,408	11,543	10,989
Total liabilities	37,677	20,051	18,747	20,506
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	55,295	34,844	34,909	34,959

* Restated to the new IAS 19 and IFRS 11, see page 25.
** The item cash and bank is mainly relating to bank deposits.

Financial assets and liabilities at fair value

Consolidated	Valuation hierarchy	September 30		December 31
SEK millions	level	2014	2013	2013 *
Financial assets				
Other long term securities	1 and 2	31	25	35
Bonds and other securities	1	459	200	247
Derivative assets	1	113	211	219
Financial liabilities				
Derivative liabilities	1	239	180	234

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.
* Restated to IFRS 11.

Borrowings and net debt

Consolidated	September 30		December 31
SEK millions	2014	2013 *	2013 *
Credit institutions	3,863	1,856	904
Swedish Export Credit	2,821	1,736	1,793
European Investment Bank	2,246	1,128	1,165
Private placement	795	706	716
Commercial papers	999	-	-
Corporate bonds	7,275	-	-
Capitalised financial leases	74	86	84
Interest-bearing pension liabilities	0	9	0
Total debt	18,073	5,521	4,662
Cash, bank and current deposits	-2,599	-1,844	-2,051
Net debt	15,474	3,677	2,611

* Restated to IFRS 11.

Alfa Laval has entered into a new senior credit facility of EUR 400 million and USD 544 million, corresponding to SEK 7,608 million with a new banking syndicate. The new facility replaced the previous syndicated loan. At September 30, 2014 SEK 3,655 million of the facility was utilised. The new facility matures in June 2019, with two one year extension options.

Alfa Laval has issued EUR 800 million of corporate bonds. This long-term financing replaces the bridge loan taken in connection with the acquisition of Frank Mohn AS. The bonds are listed on the Irish stock exchange. The bonds were raised in two tranches, EUR 300 million with a maturity of five years and EUR 500 million, with a maturity of eight years. Settlement date was September 12, 2014.

The bilateral term loan with Swedish Export Credit is split on one loan of EUR 100 million that matures in June 2017 and one loan of EUR 100 million that matures in June 2021 as well as a loan of USD 136 million that matures in June 2022.

The loan from the European Investment Bank is split on one loan of EUR 130 million that matures in March 2018 and an additional loan of EUR 115 million that was called on at June 23, 2014 and that matures in June 2021.

The private placement of USD 110 million matures in April 2016.

Alfa Laval has issued commercial papers of nominally SEK 1,000 million with a duration of 3-5 months.

CHANGES IN CONSOLIDATED EQUITY

SEK millions	First nine months 2014	2013 *	Full year 2013
At the beginning of the period	16,162	14,453	14,453
Changes attributable to:			
Owners of the parent			
Comprehensive income			
Comprehensive income for the period	2,998	1,847	3,212
Transactions with shareholders			
Increase of ownership in subsidiaries with non-controlling interests	-	-49	-49
Dividends	-1,573	-1,468	-1,468
	-1,573	-1,517	-1,517
Subtotal	1,425	330	1,695
Non-controlling interests			
Comprehensive income			
Comprehensive income for the period	18	15	19
Transactions with shareholders			
Decrease of non-controlling interests	-	-5	-5
Non-controlling interests in acquired companies	17	-	-
Dividends	-4	-	-
	13	-5	-5
Subtotal	31	10	14
At the end of the period	17,618	14,793	16,162

* Restated to the new IAS 19.

Acquisition of businesses

In a news release on April 7, 2014 Alfa Laval communicated that the company had signed an agreement to acquire Frank Mohn AS, a leading manufacturer of submerged pumping systems to the marine and offshore markets. After approval from regulatory authorities the acquisition was closed on May 21, 2014. The acquisition, which strengthens Alfa Laval's fluid handling portfolio by adding a unique pumping technology, will further reinforce Alfa Laval's position as a leading supplier to the marine and offshore oil & gas markets. Alfa Laval has acquired 100 percent of Frank Mohn AS ("Frank Mohn"), with the product brand Framo, for a total cash consideration of NOK 13 billion, on cash and debt free basis, from Wimoh AS, a company controlled by the Mohn family. Frank Mohn is headquartered in Bergen, Norway and has approximately 1,200 employees. In 2013 Frank Mohn had an order intake of NOK 6.1 billion and generated sales of NOK 3.4 billion. The operating margin is significantly above the Alfa Laval average. Lars Renström, President and CEO of the Alfa Laval Group, commented on the acquisition: "Frank Mohn is an excellent company that we have been following closely for several years. It has highly skilled employees, high quality products and a market-leading position within segments offering attractive long-term growth prospects. The combination of Frank Mohn and Alfa Laval will provide a very attractive offering of products, systems and services and it will strengthen our leading position as a provider of critical systems for ships and offshore oil & gas production units, with unmatched service capabilities." The acquisition of Frank Mohn was funded by existing credit facilities and a fully committed bridge facility. The bridge loan has been replaced by two tranches of corporate bonds issued by Alfa Laval. The synergies from the acquisition are expected to reach about NOK 120 million annually, gradually realized over a three year period.

Alfa Laval has included Frank Mohn and the product brand Framo in the Marine & Diesel division in a new capital sales segment, Marine & Offshore Pumping Systems. The company will be kept together under the same management as today. The activities in the Bergen area in Norway; the head office and sales & service facility at Askøy – as well as production facilities at Fusa, Flatøy and Frekhaug – will become Alfa Laval's operational centre for marine and offshore pumping systems.

The acquisitions during the first nine months 2014 can be summarized as follows. Please observe that the purchase price allocation for Frank Mohn is still preliminary.

Consolidated	Acquisitions 2014						
	Frank Mohn			Others			Total
SEK millions	Book value	Adjustment to fair value	Fair value	Book value	Adjustment to fair value	Fair value	Fair value
Property, plant and equipment	1,099	-	1,099	-	-	-	1,099
Patents and unpatented know-how [1]	0	1,160	1,160	-	-	-	1,160
Trademarks [2]	-	3,794	3,794	-	-	-	3,794
Other non-current assets	95	-	95	-	-	-	95
Inventory	847	34	881	-	-	-	881
Accounts receivable	981	-	981	-	-	-	981
Other receivables	255	-	255	-	-	-	255
Current deposits	51	-	51	-	-	-	51
Liquid assets	504	-	504	-	-	-	504
Provisions for pensions and similar commitments	-47	-	-47	-	-	-	-47
Other provisions	-91	-	-91	-	-	-	-91
Equity attributable to non-controlling interests	-17	-	-17	-	-	-	-17
Accounts payable	-236	-	-236	-	-	-	-236
Advance payments	-1,200	-	-1,200	-	-	-	-1,200
Other liabilities	-616	-	-616	-	-	-	-616
Tax liabilities	-257	-	-257	-	-	-	-257
Deferred tax	-3	-1,347	-1,350	-	-	-	-1,350
Acquired net assets	1,365	3,641	5,006	-	-	-	5,006
Goodwill [3]			9,776			-	9,776
Purchase price			-14,782			-	-14,782
Costs directly linked to the acquisitions [4]			-50			-	-50
Liquid assets in the acquired businesses			504			-	504
Payment of amounts retained in prior years			-			-65	-65
Effect on the Group's liquid assets			-14,328			-65	-14,393

1. The step up value for patents and un-patented know-how is amortised over 10 years.
2. The step up value for the product brand Framo is amortised over 10 years.
3. 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.
4. Refers to fees to lawyers, due diligence and assisting counsel. Has been expensed as other operating costs.

Parent company

The parent company's result after financial items was SEK 162 (1,749) million, out of which dividends from subsidiaries SEK 130 (1,697) million, net interests SEK 32 (52) million, realised and unrealised exchange rate gains and losses SEK 3 (1) million, costs related to the listing SEK -3 (-2) million, fees to the Board SEK -4 (-3) million, cost for annual report and annual general meeting SEK -2 (-2) million and other operating income and operating costs the remaining SEK 6 (6) million.

PARENT COMPANY INCOME *

SEK millions	Third quarter 2014	Third quarter 2013	First nine months 2014	First nine months 2013	Full year 2013
Administration costs	-1	-1	-9	-7	-11
Other operating income	1	3	9	8	4
Other operating costs	-1	-1	-3	-2	-3
Operating income	-1	1	-3	-1	-10
Revenues from interests in group companies	-	-	130	1,697	1,697
Interest income and similar result items	8	18	42	56	79
Interest expenses and similar result items	-3	-1	-7	-3	-4
Result after financial items	4	18	162	1,749	1,762
Change of tax allocation reserve	-	-	-	-	30
Group contributions	-	-	-	-	855
Result before tax	4	18	162	1,749	2,647
Tax on this year's result	-1	-4	-7	-11	-212
Net income for the period	3	14	155	1,738	2,435

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

PARENT COMPANY FINANCIAL POSITION

SEK millions	September 30 2014	September 30 2013	December 31 2013
ASSETS			
Non-current assets			
Shares in group companies	4,669	4,669	4,669
Current assets			
Receivables on group companies	7,583	7,104	8,263
Other receivables	241	446	44
Cash and bank	-	-	-
	7,824	7,550	8,307
TOTAL ASSETS	12,493	12,219	12,976
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Restricted equity	2,387	2,387	2,387
Unrestricted equity	7,835	8,554	9,253
	10,222	10,941	11,640
Untaxed reserves			
Tax allocation reserves, taxation 2008-2014	1,236	1,266	1,236
Current liabilities			
Commercial papers	999	-	-
Liabilities to group companies	29	12	99
Accounts payable	7	0	1
Other liabilities	0	0	-
	1,035	12	100
TOTAL EQUITY AND LIABILITIES	12,493	12,219	12,976

Owners and shares

Owners and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 38,185 (36,437) shareholders on September 30, 2014. 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 6.0 to 0.6 percent. These ten largest shareholders own 54.1 (52.9) percent of the shares.

Nomination Committee for the Annual General Meeting 2015

In accordance with a resolution taken at the Annual General Meeting of Alfa Laval AB on April 28, 2014, the Chairman of the Board, Anders Narvinger, has contacted the largest shareholders to constitute the Nomination Committee in preparation of the Annual General Meeting 2015. The following persons have accepted to be part of the Nomination Committee: Jörn Rausing, Tetra Laval, Claes Dahlbäck, Foundation Asset Management, Jan Andersson, Swedbank Robur Fonder, Ramsay Brufer, Alecta, and Lars-Åke Bokenberger, AMF Pension.

The Annual General Meeting of Alfa Laval AB will be held at Sparbanken Skåne Arena, Klostergårdens idrottsområde, Stattenavägen, Lund, Sweden on Thursday April 23, 2015, 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.

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 2013 is still correct.

Asbestos-related lawsuits

The Alfa Laval Group was as of September 30, 2014, named as a co-defendant in a total of 799 asbestos-related lawsuits with a total of approximately 802 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 third quarter 2014 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.

The new accounting pronouncements IFRS 10 ”Consolidated financial statements”, IFRS 11 ”Joint arrangements” and IFRS 12 ”Disclosures of interest in other entities” and the amended IAS 32 ”Financial Instruments: Presentation” were implemented in the interim report for the first quarter 2014, with retroactive effect from January 1, 2013.

In the interim closing it is really only IFRS 11 that means any change. Joint ventures were previously consolidated according to the proportional consolidation method in IAS 31 ”Interests in Joint Ventures”. Since the proportional consolidation method has disappeared all amounts in note 33 “Interests in joint ventures” in the annual report has disappeared out of Alfa Laval's statements over consolidated comprehensive income and consolidated financial position. Instead the application of the equity method means that the net income before tax in the joint ventures is booked into one line in other operating income and the corresponding tax on the tax line. The counter entry is an increase or decrease of the value of shares in joint ventures. As a consequence of this the comparison figures for 2013 have been changed. The change in accounting principle has not affected the equity. On page 13 in the interim report for the first quarter 2014 a summary was presented of the result items and balance sheet items that were affected by the change.

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 were made to the opening balance at January 1, 2012 and the closing balance at December 31, 2012 and these changes have also impacted the comparison figures for the third quarter 2013. For the third quarter 2013 deferred tax assets have increased with SEK 9 million, provisions for pensions have increased with SEK 36 million, other liabilities have decreased with SEK 48 million and the equity has increased with SEK 21 million.

"Third quarter" refers to the period July 1 to September 30 and "First nine months" refers to the period January 1 to September 30. "Full year" refers to the period January 1 to December 31. "Last 12 months" refers to the period October 1, 2013 to September 30, 2014. "The corresponding period last year" refers to the third quarter 2013 or the first nine months 2013 depending on the context. "Previous quarter" refers to the second quarter 2014.

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

The fourth quarter and full year 2014 report will be published on February 3, 2015.

Alfa Laval will publish interim reports during 2015 at the following dates:

Interim report for the first quarter	April 23
Interim report for the second quarter	July 16
Interim report for the third quarter	October 22

The interim report has been issued on October 28, 2014 at CET 7.30 by the President and Chief Executive Officer Lars Renström by proxy from the Board of Directors.

Lund, October 28, 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 (the interim report) for Alfa Laval AB (publ) at September 30, 2014 and the nine months' period then ended. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the 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 interim 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, October 28, 2014,

Helene Willberg	Håkan Olsson Reising
Authorised Public Accountant	Authorised Public Accountant