

First quarter 2017



Summary

SEK millions	First three months		%	% *
	2017	2016		
Order intake	8,801	7,710	14	9
Net sales	8,126	8,199	-1	-6
Adjusted EBITA **	1,279	1,333	-4	
- adjusted EBITA margin (%) **	15.7	16.3		
Result after financial items	1,268	1,090	16	
Net income for the period	776	871	-11	
Earnings per share (SEK)	1.84	2.06	-11	
Cash flow ***	804	910	-12	
Impact on adjusted EBITA of:				
- foreign exchange effects	75	93		

* Excluding currency effects. ** Alternative performance measures, see page 22. *** From operating activities.

Comment from Tom Erixon, President and CEO

“The order intake during the first quarter was marginally higher than the previous quarter and 14 percent better than the corresponding period last year. We booked large orders at a value of SEK 585 million in total, which was more than we had expected and also slightly higher than the previous quarter.

The Marine Division’s order intake grew due to a strong quarter for Pumping Systems and a slightly increased demand for Alfa Laval PureBallast and PureSOx. The Food & Water Division’s order intake continued to increase in the quarter, with a positive development within most product and application areas. The Energy Division developed well compared to last year, even if the order intake decreased somewhat sequentially due to a lower value for larger projects.

The restructuring of the Group continued according to plan. The entities within

“Greenhouse” have a new operating structure and achieved significant result improvements during the quarter. We also saw effects from the restructuring programme in the form of lower costs for sales and administration at the same time as Operations continuous measures compensated for the lower utilisation. The ongoing “Footprint” programme has not yet impacted the result.

In parallel with the restructuring programme the implementation of the new strategy continued. The increased efforts within R&D in order to renew important product groups faster is running as planned. The measures that focus on growing the service business are also implemented according to plan. Finally, the work with shortening decision-making processes as well as lead times to customers is ongoing with support of the new organisation. The most important goal with the new direction is to restore the organic growth and 2017 has had a good start.”

Dividend

The Board of Directors propose a dividend of

SEK 4.25 (4.25) per share.

Outlook for the second quarter

“We expect that demand during the second quarter 2017 will be in line with or somewhat lower than in the first quarter.”

Earlier published outlook (January 31, 2017): “We expect that demand during the first quarter 2017 will be somewhat lower than in the fourth quarter.”

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

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Management's discussion and analysis

Important events during the first quarter

The tax cost for the first quarter 2017 has been affected by a non-recurring item of SEK -113 million concerning additional tax relating to prior

years concerning acquired businesses according to a settlement with the former owners.

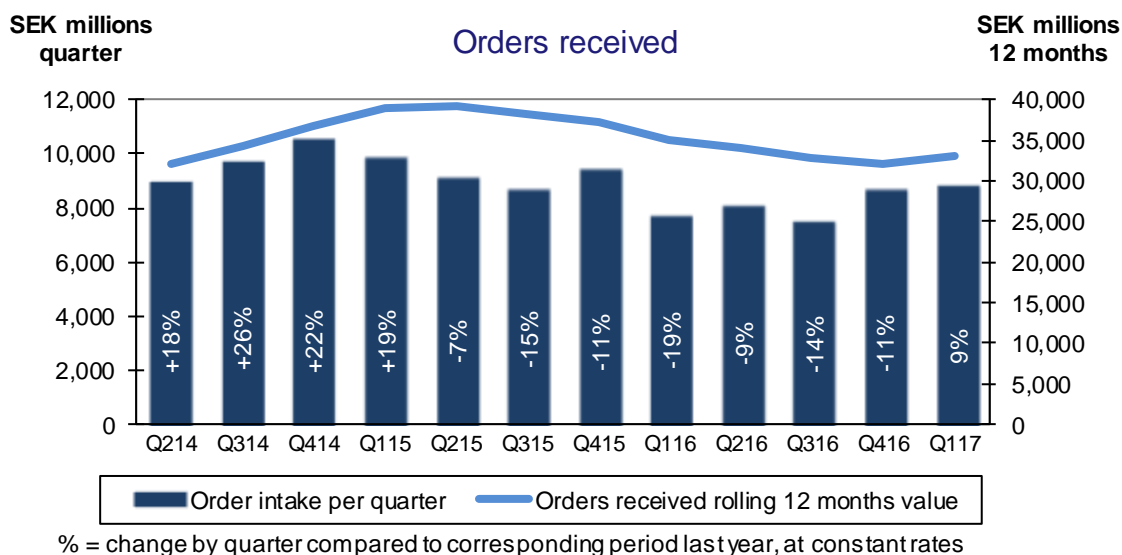
Large orders ¹⁾ in the first quarter

Division	Business Unit	Delivery date	Order amount	Total per Business Unit	
				Q1 2017	Q1 2016
Scope of supply			SEK millions		
Energy	Welded Heat Exchangers				
	Alfa Laval Packinox heat exchangers to a petrochemical plant in China.	2017/2018	170		
	Alfa Laval Packinox heat exchangers to a petrochemical plant in China.	2017/2018	155		
	Alfa Laval Packinox heat exchangers to a refinery in West Africa.	2017/2018	55	380	60
Marine	Boiler & Gas Systems				
	Waste heat recovery systems for diesel power plants that will be built in Asia.	2017	80		
	Alfa Laval PureSOx exhaust gas cleaning systems.	2017/2018	125	205	-
Total				585	60

Order intake

Orders received has amounted to SEK 8,801 (7,710) million for the first quarter 2017.

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 period last year and the previous quarter can be

split into:

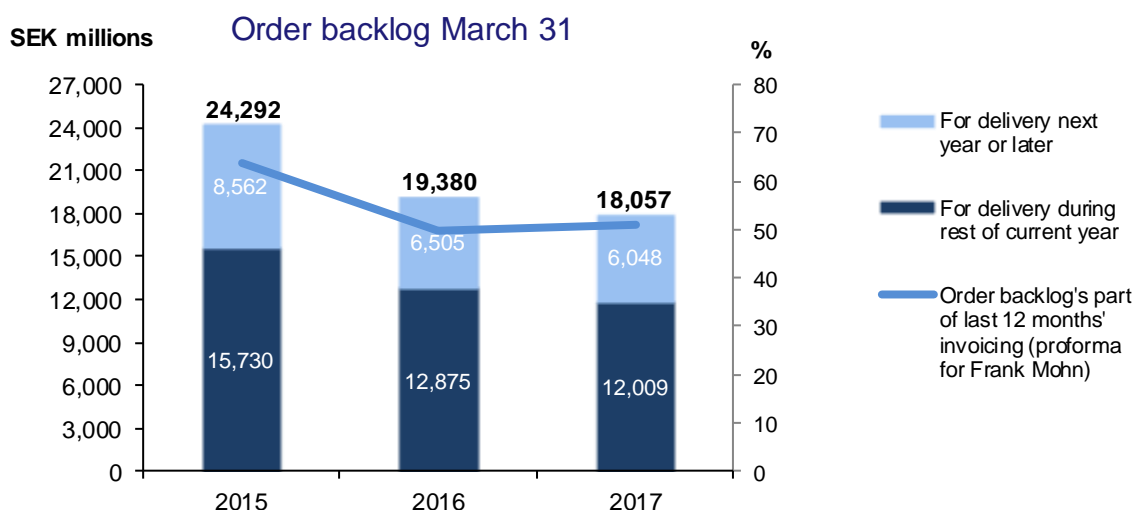
	Consolidated Order intake Prior periods SEK millions	Order bridge Change					Order intake Current periods SEK millions
		Excluding currency effects			After currency effects		
		Structural change ²⁾ (%)	Organic development ³⁾ (%)	Total (%)	Currency effects (%)	Total (%)	
Q1 2017/2016	7,710	-	8.8	8.8	5.4	14.2	8,801
Q1 2017/Q4 2016	8,709	-	1.9	1.9	-0.8	1.1	8,801

Orders received from the aftermarket Service⁴ constituted 31.8 (34.5) percent of the Group's total orders received during the first quarter 2017.

Excluding currency effects, the order intake for Service was unchanged during the first quarter

2017 compared to the corresponding quarter last year (the corresponding organic development was the same) and increased with 2.4 percent compared to the previous quarter (the corresponding organic development was the same).

Order backlog



Excluding currency effects and adjusted for acquisition of businesses the order backlog was 12.0 percent smaller than the order backlog at

March 31, 2016 and 4.0 percent larger than the order backlog at the end of 2016.

2. Structural change relates to acquisition of businesses.
3. Organic development relates to change excluding acquisition of businesses.
4. Parts and service.

Net sales

Net invoicing was SEK 8,126 (8,199) million for the first quarter 2017. The change compared with

the corresponding period last year and the previous quarter can be split into:

	Consolidated	Sales bridge					Net sales Current periods SEK millions	
		Net sales Prior periods SEK millions	Change			After currency effects		
			Structural change (%)	Organic development (%)	Total (%)	Currency effects (%)		Total (%)
Q1 2017/2016	8,199	-	-5.9	-5.9	5.0	-0.9	8,126	
Q1 2017/Q4 2016	9,904	-	-17.4	-17.4	-0.6	-18.0	8,126	

Net invoicing relating to Service constituted 31.4 (29.7) percent of the Group's total net invoicing in the first quarter 2017.

Excluding currency effects, the net invoicing for Service decreased by 0.9 percent during the first

quarter 2017 compared to the corresponding quarter last year (the corresponding organic development was the same) and decreased with 13.7 percent compared to the previous quarter (the corresponding organic development was the same).

Income

SEK millions	First three months		Full year	Last 12
	2017	2016	2016	months
Net sales	8,126	8,199	35,634	35,561
Cost of goods sold	-5,371	-5,429	-24,581	-24,523
Gross profit	2,755	2,770	11,053	11,038
Sales costs	-1,013	-1,089	-4,328	-4,252
Administration costs	-440	-339	-1,649	-1,750
Research and development costs	-197	-186	-822	-833
Other operating income	123	111	613	625
Other operating costs	-220	-201	-1,893	-1,912
Share of result in joint ventures	8	4	15	19
Operating income	1,016	1,070	2,989	2,935
Dividends and changes in fair value	0	0	47	47
Interest income and financial exchange rate gains	368	186	645	827
Interest expense and financial exchange rate losses	-116	-166	-356	-306
Result after financial items	1,268	1,090	3,325	3,503
Taxes	-492	-219	-1,013	-1,286
Net income for the period	776	871	2,312	2,217
Other comprehensive income:				
Items that will subsequently be reclassified to net income				
Cash flow hedges	21	275	245	-9
Market valuation of external shares	0	0	0	0
Translation difference	-295	51	1,882	1,536
Deferred tax on other comprehensive income	68	-38	-143	-37
Sum	-206	288	1,984	1,490
Items that will subsequently not be reclassified to net income				
Revaluations of defined benefit obligations	50	24	-505	-479
Deferred tax on other comprehensive income	-14	-7	67	60
Sum	36	17	-438	-419
Comprehensive income for the period	606	1,176	3,858	3,288
Net income attributable to:				
Owners of the parent	773	866	2,289	2,196
Non-controlling interests	3	5	23	21
Earnings per share (SEK)	1.84	2.06	5.46	5.24
Average number of shares	419,456,315	419,456,315	419,456,315	419,456,315
Comprehensive income attributable to:				
Owners of the parent	603	1,156	3,815	3,262
Non-controlling interests	3	20	43	26

The gross profit has except a lower invoicing volume been negatively affected by price/mix effects within capital sales. The gross profit has been positively affected by a favourable mix between capital sales and service and by currency effects, primarily related to a strong USD.

Sales and administration expenses amounted to

SEK 1,453 (1,428) million during the first quarter 2017. Excluding currency effects and acquisition of businesses, sales and administration expenses were 2.6 percent lower than the corresponding period last year. The corresponding figure when comparing the first quarter 2017 with the previous quarter is a decrease with 4.7 percent.

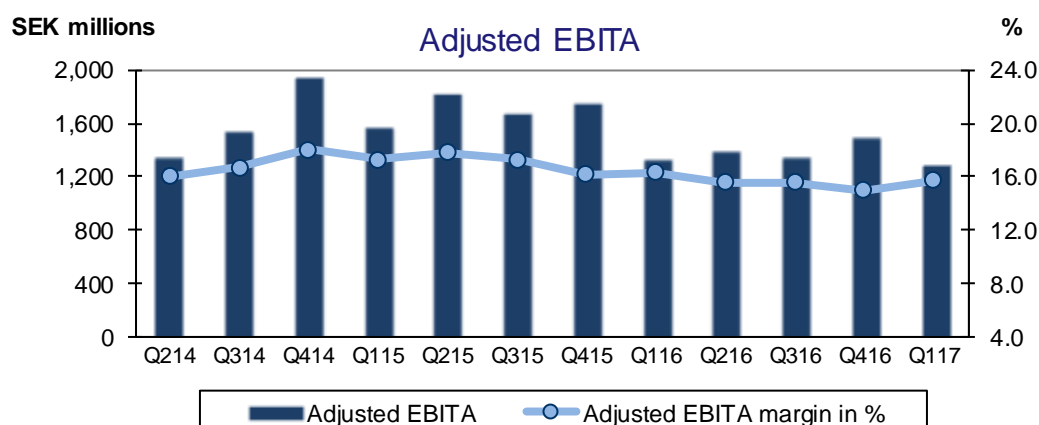
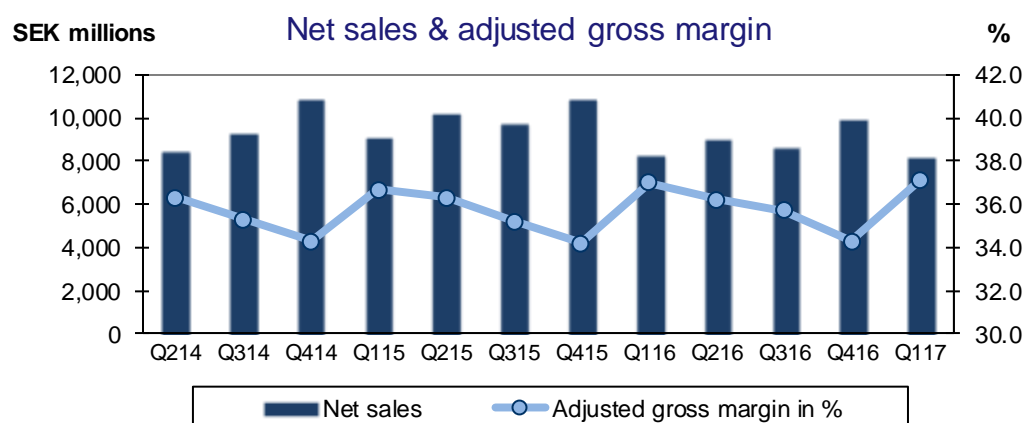
The costs for research and development during the first quarter 2017 corresponded to 2.4 (2.3)

percent of net sales. Excluding currency effects and acquisition of businesses, the costs for research and development have increased by 3.8 percent during the first quarter 2017 compared to the corresponding period last year. The corresponding figure when comparing the first

quarter 2017 with the previous quarter is a decrease with 14.8 percent.

Earnings per share, excluding amortisation of step-up values and the corresponding tax*, was SEK 2.33 (2.31) for first three months 2017.

Consolidated SEK millions	Income analysis			
	First three months 2017	2016	Full year 2016	Last 12 months
Net sales	8,126	8,199	35,634	35,561
Adjusted gross profit *	3,018	3,033	12,744	12,729
- adjusted gross margin (%) *	37.1	37.0	35.8	35.8
Expenses **	-1,577	-1,541	-6,548	-6,584
- in % of net sales	19.4	18.8	18.4	18.5
Adjusted EBITDA *	1,441	1,492	6,196	6,145
- adjusted EBITDA margin (%) *	17.7	18.2	17.4	17.3
Depreciation	-162	-159	-643	-646
Adjusted EBITA *	1,279	1,333	5,553	5,499
- adjusted EBITA margin (%) *	15.7	16.3	15.6	15.5
Amortisation of step-up values	-263	-263	-1,064	-1,064
Comparison distortion items:				
Write down of goodwill and step-up values	-	-	-627	-627
Restructuring	-	-	-873	-873
Operating income	1,016	1,070	2,989	2,935



* Alternative performance measures, see page 22. ** Excluding comparison distortion items.

Comparison distortion items

Comparison distortion items are reported in the comprehensive income statement on each concerned line.

Group Management started three initiatives in 2016 for restructuring and implementation of a new organisation. The three initiatives concerned:

1 - Cost adaptations and a new organisation

The initiative includes the consequences of establishing a new more efficient organisational structure at the same time as it contains adaptations to the current demand situation.

2 - Restructuring of the manufacturing structure

This initiative includes a stepwise implementation of measures to achieve an even more competitive manufacturing structure. The initiative comprises re-locations and closures of entities during a period of about three years.

3 - "Greenhouse"

The initiative means that three product groups that have had an unsatisfactory development will be operated separately from the new organisation

in order to in an even more focused manner give the best preconditions for a better development.

The costs for the initiatives were of a non-recurring nature and amounted to SEK -1,500 million for the full year 2016 and contained estimated costs for measures concerning all three initiatives. The cost contained among others a write down of above all allocated step-up values and goodwill with about SEK -700 million, which burdened cost of goods sold. The remaining part of the cost of SEK -800 million concerned mainly lay off of about 1,000 employees and in addition certain costs for write down of assets and provisions for lease agreements, which burdened other operating costs.

The measures during the full year 2016 are estimated to give savings related to cost of goods sold of approximately SEK 200 million and to operating costs, excluding cost of goods sold, of about SEK 300 million and are expected to be implemented to approximately 75 % by the end of 2017 and to be implemented in full by the end of 2018.

Consolidated financial net and taxes

The financial net for the first quarter 2017 has amounted to SEK -27 (-46) million, excluding realised and unrealised exchange rate losses and gains. The main elements of costs were interest on the debt to the banking syndicate of SEK -1 (-2) million, interest on the bilateral term loans of SEK -11 (-16) million, interest on the private placement of SEK - (-2) million, interest on the commercial papers of SEK - (-0) million, interest on the corporate bonds of SEK -19 (-20) million and a net of dividends, fair value changes and other interest income and interest costs of SEK 4 (-6) million. The net of realised and unrealised exchange rate differences has amounted to SEK 279 (66) million.

The tax on the result after financial items was SEK -492 (-219) million in the first quarter 2017. The tax cost for the first quarter 2017 has been affected by a non-recurring item of SEK -113 million concerning additional tax relating to prior years concerning acquired businesses according to a settlement with the former owners. The tax cost for the first quarter 2016 was affected by non-recurring items of about SEK 86 million concerning adjustments of deferred taxes relating to step up values, due to reduced company taxes in certain countries and thereby decreased deferred tax liabilities.

Key figures

Consolidated	Key figures		
	March 31		December 31
	2017	2016	2016
Return on capital employed (%) *	15.1	21.1	15.3
Return on equity (%) **	11.1	21.2	11.8
Solidity (%) ***	39.0	38.5	38.0
Net debt to EBITDA, times *	1.70	1.51	1.81
Debt ratio, times *	0.43	0.56	0.47
Number of employees (at the end of the period)	16,555	17,447	16,941

* Alternative performance measures, see page 22.

** Net income in relation to average equity, calculated on 12 months' revolving basis, expressed in percent.

*** Equity in relation to total assets at the end of the period, expressed in percent.

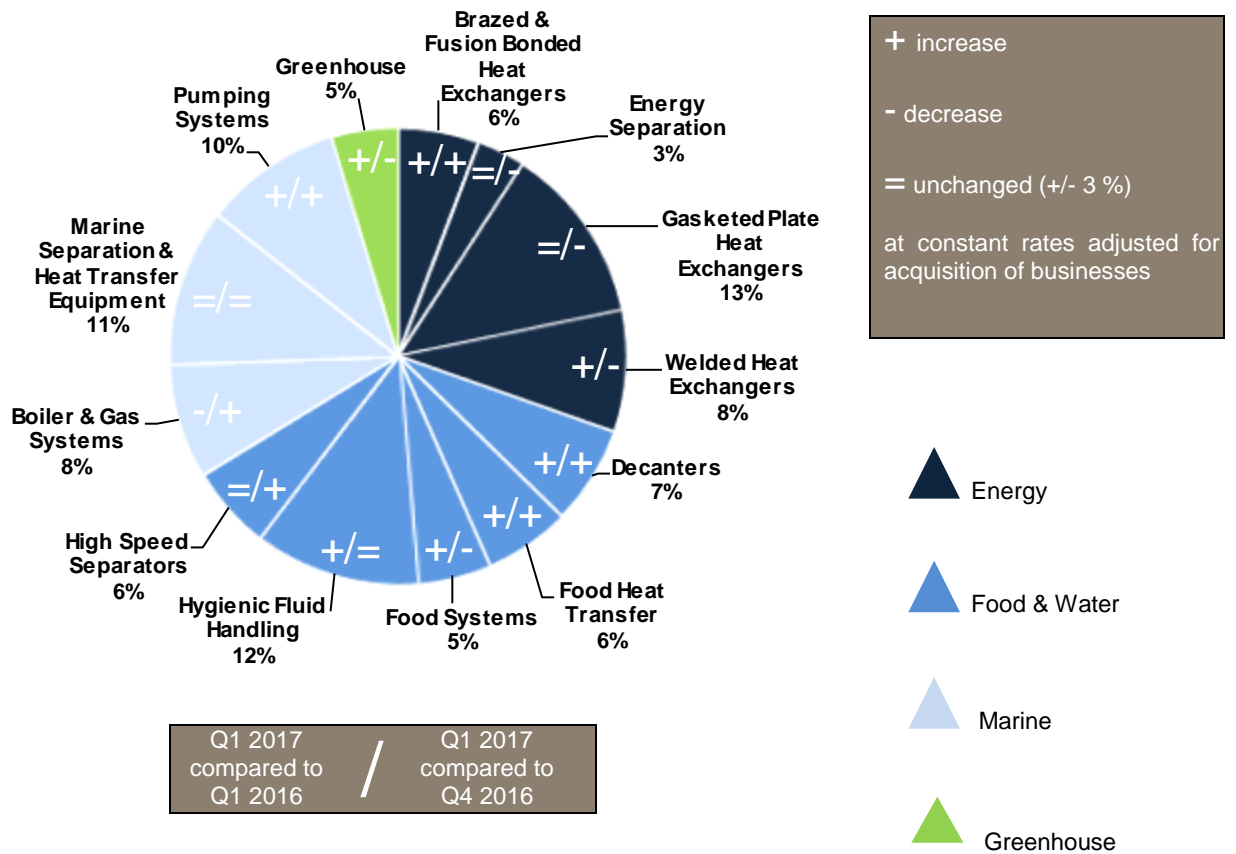
Observe that the return on capital employed and on equity has been impacted by the one-time costs during the last two quarters 2016.

Business Divisions

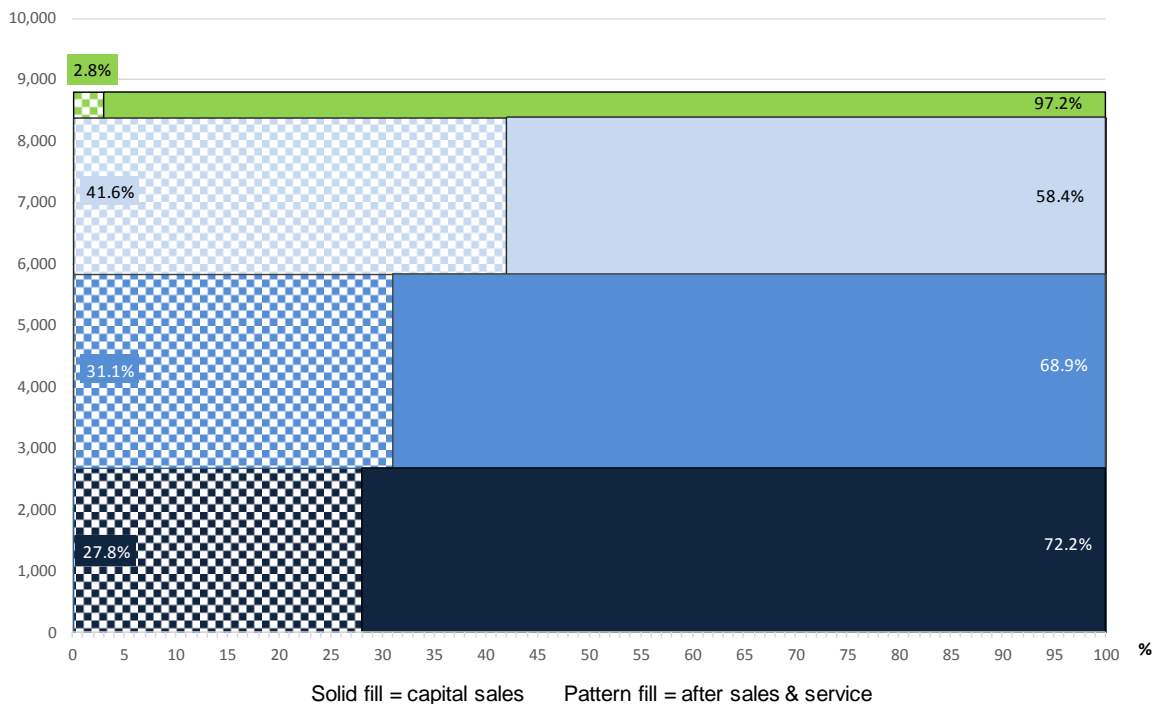
The development of the order intake for the Divisions and their Business Units and the split

between capital sales and after sales & service appear in the following charts.

Orders received by Business Unit Q1 2017



SEK millions Order intake split on capital sales and after sales & service by Business Division



Energy Division

Consolidated SEK millions	First three months		Full year	Last 12
	2017	2016	2016	months
Orders received	2,674	2,366	10,208	10,516
Order backlog*	4,780	4,543	4,230	4,780
Net sales	2,283	2,381	10,641	10,543
Operating income**	255	326	1,423	1,352
Operating margin***	11.2%	13.7%	13.4%	12.8%
Depreciation and amortisation	80	75	302	307
Investments	15	15	76	76
Assets*	9,502	8,132	8,797	9,502
Liabilities*	3,174	1,990	2,608	3,174
Number of employees*	2,997	3,568	3,440	2,997

* At the end of the period. ** In management accounts. *** Operating income in relation to net sales.

Consolidated %	Change excluding currency effects					
	Order intake			Net sales		
	Structural change	Organic development	Total	Structural change	Organic development	Total
Q1 2017/2016	-	9.0	9.0	-	-8.1	-8.1
Q1 2017/Q4 2016	-	-7.1	-7.1	-	-22.8	-22.8

All comments below are excluding currency effects.

Order intake

The Energy Division's overall order intake declined somewhat in the first quarter compared to the fourth quarter, due to fewer larger projects. The base business* was unchanged from the previous quarter.

Welded Heat Exchangers was the main explanatory factor for the division's decline as the Business Unit booked fewer larger projects in for example power, gas production and petrochemicals. The large Packinox orders that were taken in the quarter could not compensate. At the same time, the base business was unchanged, reflecting a generally cautious market sentiment in the hydro carbon chain. The **Energy Separation** Business Unit was also influenced by having fewer large project orders, mainly related to power and refinery. The base business increased, with the strongest development in North America and Asia. Business Unit **Gasketed Heat Exchangers**

showed a modest decline due to the non-repeat of a large nuclear power order in the fourth quarter. In general, however, the demand situation was good, driven by an increased order intake from the fertilizer and semiconductor production industries. The base business was unchanged compared to the previous quarter. The **Brazed and Fusion Bonded** Business Unit experienced a good development driven by increased demand for refrigeration and HVAC among customers in Europe and Northern Asia. The increase is partly due to seasonality.

Service had a flat development in the first quarter versus the fourth, completely related to the non-repeat of the large nuclear service order. Excluding that, service had an overall positive development.

Operating income

The decreased operating income for Energy during the first quarter 2017 compared to the corresponding period last year is explained by a lower sales volume and an unfavourable mix within capital sales.

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

Food & Water Division

Consolidated SEK millions	First three months		Full year	Last 12
	2017	2016	2016	months
Orders received	3,162	2,613	11,327	11,876
Order backlog*	4,263	3,842	3,741	4,263
Net sales	2,758	2,478	11,364	11,644
Operating income**	402	358	1,596	1,640
Operating margin***	14.6%	14.5%	14.0%	14.1%
Depreciation and amortisation	39	40	165	164
Investments	10	16	82	76
Assets*	8,141	6,566	7,525	8,141
Liabilities*	3,641	2,072	2,785	3,641
Number of employees*	4,068	3,714	3,674	4,068

* At the end of the period. ** In management accounts. *** Operating income in relation to net sales.

Consolidated %	Change excluding currency effects					
	Order intake			Net sales		
	Structural change	Organic development	Total	Structural change	Organic development	Total
Q1 2017/2016	-	16.9	16.9	-	6.7	6.7
Q1 2017/Q4 2016	-	6.6	6.6	-	-14.5	-14.5

All comments below are excluding currency effects.

Order intake

The Division reported growth in the first quarter compared to the previous quarter, driven by a positive demand situation in the food as well as pharma and biotech markets. Both the base business and the project business contributed to the positive development. Geographically, growth was reported in all regions except Latin America, which reported a contraction due to the non-repeat of larger projects.

High Speed Separation was the Business Unit to perform the best, boosted by traditional food markets such as fish, meat and crude palm oil, but also starch. The most significant growth was however recorded in biotech and pharma. Larger projects contributed to the Business Unit's overall positive development. Business Unit **Decanters** also did very well in the quarter, driven by food applications, such as olive oil and crude palm oil. The business exposed to the water treatment and waste water sector was unchanged compared to the fourth quarter. North America - by far the largest market - showed significant growth. Order

intake in Business Unit **Food Heat Transfer** also reported growth compared to the previous quarter. While several end market areas had a positive development, the strongest development was reported by dairy, pharma and biotech. Order intake in Business Unit **Hygienic Fluid Handling** was unchanged compared to the fourth quarter as a marginal increase in the dairy and food markets was neutralized by a similar marginal decline in pharma. North America showed a healthy development, whereas Latin America and Asia contracted. Order intake in Business Unit **Food Systems** was slightly down compared to the fourth quarter, due to the non-repeat of larger orders in the brewery industry. Asia continued to constitute an important market for the Business Unit.

Service had a strong quarter driven by an equally good growth for spare parts and services.

Operating income

The increase in operating income for Food & Water during the first quarter 2017 compared to the corresponding period last year is largely explained by a higher sales volume.

Marine Division

Consolidated SEK millions	First three months		Full year	Last 12
	2017	2016	2016	months
Orders received	2,556	2,369	8,760	8,947
Order backlog*	8,476	10,632	8,285	8,476
Net sales	2,658	2,995	12,125	11,788
Operating income**	432	556	2,051	1,927
Operating margin***	16.3%	18.6%	16.9%	16.3%
Depreciation and amortisation	193	191	765	767
Investments	15	15	77	77
Assets*	24,513	23,110	23,380	24,513
Liabilities*	5,981	4,829	5,126	5,981
Number of employees*	2,921	3,115	2,962	2,921

* At the end of the period. ** In management accounts. *** Operating income in relation to net sales.

Consolidated %	Change excluding currency effects					
	Order intake			Net sales		
	Structural change	Organic development	Total	Structural change	Organic development	Total
Q1 2017/2016	-	2.9	2.9	-	-15.9	-15.9
Q1 2017/Q4 2016	-	16.1	16.1	-	-15.6	-15.6

All comments below are excluding currency effects.

Order intake

Order intake for the Marine Division increased in the first quarter compared to the fourth quarter of 2016, mainly due to higher demand for environmental solutions as well as for marine pumping systems.

Business Unit **Marine Separation & Heat Transfer Equipment** reported an unchanged order intake in the first quarter compared to the fourth. Demand for equipment and systems for the engine room remained at a low level, following the very low contracting for new vessels during 2016. At the same time, fresh water generators showed a decline compared to the previous quarter as cruise-ship orders in the fourth quarter, were not repeated. Demand for equipment for power plants was slightly down from a very strong fourth quarter. On the other hand, there was an increase in orders for the environmental solution PureBallast, mainly for new ships. The quotation activity is high in the retrofit area for PureBallast, but the decision

making is lagging. The **Boiler & Gas Systems** Business Unit reported order growth in the quarter compared to the fourth quarter, driven by increased demand for Alfa Laval PureSOx. Marine boilers were unchanged from the previous quarter. The **Pumping Systems** Business Unit grew, as contracting of chemical tankers at yards in South Korea and Japan led to increased demand for cargo pumping systems. Offshore pumping systems, however, declined as investments in the oil and gas sector remained low.

After sales orders remained unchanged as higher demand for parts and field service off-set a lower demand for repairs.

Operating income

The decrease in operating income for Marine during the first quarter 2017 compared to the corresponding period last year is mainly explained by a lower sales volume, but also by a negative mix within capital sales and lower utilisation in certain factories. Currency effects have affected the result positively.

Greenhouse Division

Consolidated SEK millions	First three months		Full year	Last 12
	2017	2016	2016	months
Orders received	409	362	1,765	1,812
Order backlog*	538	363	614	538
Net sales	427	345	1,504	1,586
Operating income**	1	-45	-143	-97
Operating margin***	0.2%	-12.9%	-9.5%	-6.1%
Depreciation and amortisation	7	22	77	62
Investments	3	5	21	19
Assets*	1,295	1,647	1,162	1,295
Liabilities*	428	497	572	428
Number of employees*	734	1,161	1,082	734

* At the end of the period. ** In management accounts. *** Operating income in relation to net sales.

Consolidated %	Change excluding currency effects					
	Order intake			Net sales		
	Structural change	Organic development	Total	Structural change	Organic development	Total
Q1 2017/2016	-	6.1	6.1	-	17.2	17.2
Q1 2017/Q4 2016	-	-23.8	-23.8	-	0.8	0.8

All comments below are excluding currency effects.

Order intake

Greenhouse's overall order intake declined in the first quarter compared to the previous quarter due to the non-repeat of larger orders for air and tubular heat exchangers.

Air heat exchangers declined as a number of larger industrial cooling orders in the Nordic region in the fourth quarter failed to be repeated. Another factor explaining the lower order volume was the closure of a factory in China during the quarter. Underlying demand, however, remained steady. Heat exchanger systems increased on the back of a good demand for district heating

systems in Russia, Nordic, UK and Benelux as well as a good development for tap water heating systems in France. Tubular heat exchangers declined due to the non-repeat of the larger HVAC and refrigeration orders in the fourth quarter. Underlying demand for tubular heat exchangers for HVAC and refrigeration applications remained steady.

Operating income

The improvement in operating income for Greenhouse during the first quarter 2017 compared to the corresponding period last year is explained by a higher sales volume in combination with the result of the implemented changes.

Operations and Other

Operations and Other covers procurement, production and logistics as well as corporate

overhead and non-core businesses.

Consolidated SEK millions	First three months		Full year	Last 12
	2017	2016	2016	months
Orders received	0	0	0	0
Order backlog*	0	0	0	0
Net sales	0	0	0	0
Operating income**	-64	-137	-471	-398
Depreciation and amortisation	106	94	398	410
Investments	90	42	361	409
Assets*	4,958	6,009	5,826	4,958
Liabilities*	2,363	2,508	1,996	2,363
Number of employees*	5,835	5,889	5,783	5,835

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

The improved operating income in the first quarter compared to the corresponding period

last year is mainly explained by lower project related costs.

Reconciliation between Divisions and Group total

Consolidated SEK millions	First three months		Full year	Last 12
	2017	2016	2016	months
Operating income				
Total for divisions	1,026	1,058	4,456	4,424
Comparison distortion items	-	-	-1,500	-1,500
Consolidation adjustments *	-10	12	33	11
Total operating income	1,016	1,070	2,989	2,935
Financial net	252	20	336	568
Result after financial items	1,268	1,090	3,325	3,503
Assets **				
Total for divisions	48,409	45,464	46,690	48,409
Corporate ***	5,165	5,504	6,688	5,165
Group total	53,574	50,968	53,378	53,574
Liabilities **				
Total for divisions	15,587	11,896	13,087	15,587
Corporate ***	17,105	19,473	20,015	17,105
Group total	32,692	31,369	33,102	32,692

* Difference between management accounts and IFRS. ** At the end of the period. *** Corporate refers to items in the statement on financial position that are interest bearing or are related to taxes.

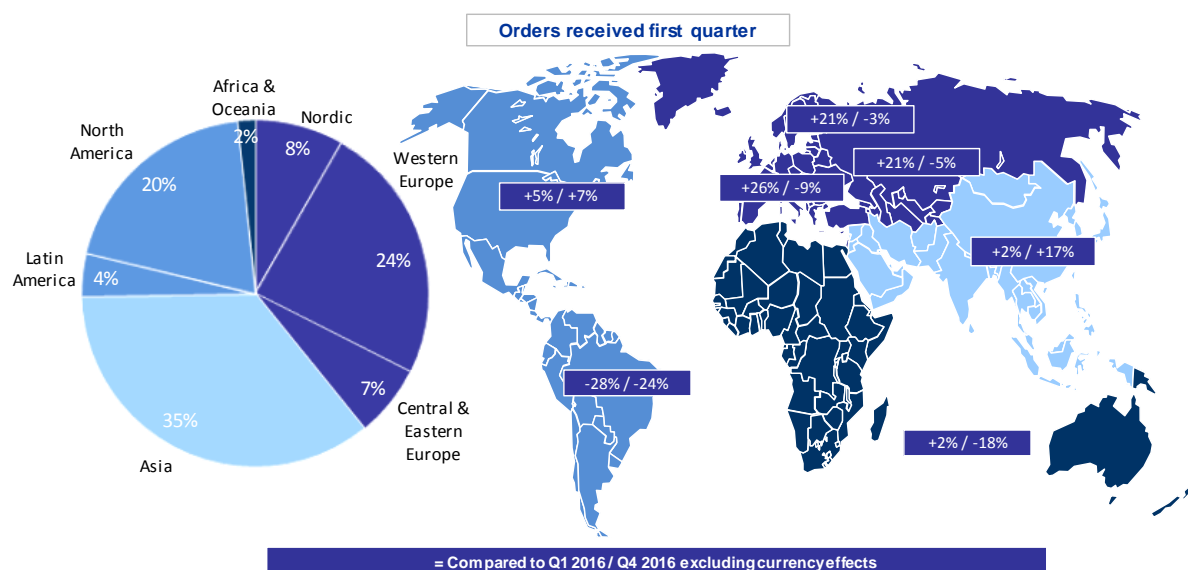
Information about products and services

Consolidated SEK millions	Net sales by product/service *			
	First three months 2017	First three months 2016	Full year 2016	Last 12 months
Own products within:				
Separation	1,437	1,454	6,591	6,574
Heat transfer	3,690	3,742	16,395	16,343
Fluid handling	2,074	2,025	8,498	8,547
Other	216	273	1,022	965
Associated products	297	335	1,365	1,327
Services	412	370	1,763	1,805
Total	8,126	8,199	35,634	35,561

* 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.

Information by region



All comments are excluding currency effects.

Western Europe including Nordic

The region reported a decrease in order intake in the first quarter compared to the fourth mainly due to non-repeat orders in the Energy Division. Meanwhile, the service business developed well across the region. Mid Europe reported strong order growth compared to the previous quarter driven by a good development for capital sales as well as service in the Food & Water Division and a large scrubber order in Marine. The UK also reported a higher level of order intake, with service performing well across all three divisions and with larger orders both in Energy and in Food & Water.

Central and Eastern Europe

Order intake in the first quarter dropped compared to the previous quarter mainly due to lower order intake for marine pumping systems and fewer larger orders in the Energy Division. The Food & Water Division, however, reported growth driven by larger orders and a good service order intake.

North America

The region reported growth in the first quarter compared to the previous quarter supported by an overall positive development in Canada as well as the U.S. Service grew across all three divisions. For capital sales in the U.S., the Food & Water Division was the main driver due to a solid base business* development combined with

a number of larger orders. In Canada, capital sales within the Energy Division grew, from a low level, driven by the base business as well as a number of larger orders.

Latin America

Latin America reported a lower order intake in the first quarter compared to the fourth, mainly due to the non-repeat of larger orders in Mexico. Brazil, on the other hand reported growth, completely driven by service which increased in all three divisions, while capital sales was flat.

Asia

The region reported growth in the first quarter compared to the previous quarter in all three divisions. Main drivers were a strong order intake for Marine Pumping Systems in China, Japan and South Korea, as well as large petrochemical orders for Energy in China. The Food & Water Division also reported growth driven by larger orders as well as a strong base business, across most countries in the region. From a country perspective, China was the main driver in the quarter with a good base business development in Marine and Food & Water supported by the large orders in the Energy Division mentioned above.

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

Consolidated	Net sales			
	First three months		Full year	Last 12
	2017	2016	2016	months
SEK millions				
To customers in:				
Sweden	207	182	784	809
Other EU	2,096	2,028	8,959	9,027
Other Europe	622	618	2,597	2,601
USA	1,376	1,410	6,013	5,979
Other North America	158	132	716	742
Latin America	383	399	1,788	1,772
Africa	68	69	307	306
China	967	1,043	4,705	4,629
South Korea	766	904	3,594	3,456
Other Asia	1,384	1,326	5,731	5,789
Oceania	99	88	440	451
Total	8,126	8,199	35,634	35,561

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

Consolidated	Non-current assets		
	March 31		December 31
	2017	2016	2016
SEK millions			
Sweden	1,491	1,328	1,321
Denmark	4,555	4,383	4,572
Other EU	3,580	3,957	3,639
Norway	13,424	13,117	13,717
Other Europe	167	165	169
USA	4,038	4,332	4,359
Other North America	134	126	136
Latin America	331	279	329
Africa	9	3	9
Asia	3,068	2,912	2,993
Oceania	97	89	94
Subtotal	30,894	30,691	31,338
Other long-term securities	40	29	25
Pension assets	5	3	3
Deferred tax asset	1,716	1,676	2,056
Total	32,655	32,399	33,422

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	First three months 2017	2016	Full year 2016	Last 12 months
Operating activities				
Operating income	1,016	1,070	2,989	2,935
Adjustment for depreciation, amortisation and write down	425	422	2,334	2,337
Adjustment for other non-cash items	-28	9	16	-21
	1,413	1,501	5,339	5,251
Taxes paid	-604	-466	-1,161	-1,299
	809	1,035	4,178	3,952
Changes in working capital:				
Increase(-)/decrease(+) of receivables	116	495	592	213
Increase(-)/decrease(+) of inventories	-298	-238	32	-28
Increase(+)/decrease(-) of liabilities	319	-286	-424	181
Increase(+)/decrease(-) of provisions	-142	-96	601	555
Increase(-)/decrease(+) in working capital	-5	-125	801	921
	804	910	4,979	4,873
Investing activities				
Investments in fixed assets (Capex)	-133	-93	-617	-657
Divestment of fixed assets	13	0	39	52
Acquisition of businesses	-	-6	-230	-224
Divestment of businesses	-	-	13	13
	-120	-99	-795	-816
Financing activities				
Received interests and dividends	37	42	163	158
Paid interests	-44	-57	-243	-230
Realised financial exchange gains	24	24	316	316
Realised financial exchange losses	-20	-32	-89	-77
Dividends to owners of the parent	-	-	-1,783	-1,783
Dividends to non-controlling interests	-	-	-17	-17
Increase(-) of financial assets	-248	0	0	-248
Decrease(+) of financial assets	0	178	8	-170
Increase of loans	0	83	1,860	1,777
Amortisation of loans	-61	-1,000	-3,781	-2,842
	-312	-762	-3,566	-3,116
Cash flow for the period	372	49	618	941
Cash and cash equivalents at the beginning of the period	2,619	1,876	1,876	1,925
Translation difference in cash and cash equivalents	21	0	125	146
Cash and cash equivalents at the end of the period	3,012	1,925	2,619	3,012
Free cash flow per share (SEK) *	1.63	1.93	9.97	9.67
Capex in relation to net sales	1.6%	1.1%	1.7%	1.8%
Average number of shares	419,456,315	419,456,315	419,456,315	419,456,315

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

During the first quarter 2017 cash flows from operating and investing activities amounted to SEK 684 (811) million. Depreciation, excluding

allocated step-up values, was SEK 162 (159) million during the first quarter 2017.

Financial position and equity

CONSOLIDATED FINANCIAL POSITION

SEK millions	March 31		December 31
	2017	2016	2016
ASSETS			
Non-current assets			
Intangible assets	25,959	25,976	26,382
Property, plant and equipment	4,915	4,701	4,940
Other non-current assets	1,781	1,722	2,100
	32,655	32,399	33,422
Current assets			
Inventories	8,116	7,635	7,831
Assets held for sale	2	8	2
Accounts receivable	5,856	5,582	5,830
Other receivables	2,510	2,460	2,446
Derivative assets	92	139	153
Other current deposits	1,331	820	1,075
Cash and cash equivalents *	3,012	1,925	2,619
	20,919	18,569	19,956
TOTAL ASSETS	53,574	50,968	53,378
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Owners of the parent	20,762	19,458	20,159
Non-controlling interests	120	141	117
	20,882	19,599	20,276
Non-current liabilities			
Liabilities to credit institutions etc.	12,117	12,541	12,169
Provisions for pensions and similar commitments	2,319	1,808	2,425
Provision for deferred tax	2,431	2,745	2,722
Other non-current liabilities	630	485	636
	17,497	17,579	17,952
Current liabilities			
Liabilities to credit institutions etc.	1,130	1,037	1,078
Accounts payable	2,585	2,564	2,668
Advances from customers	3,183	3,216	2,721
Other provisions	2,260	1,756	2,365
Other liabilities	5,854	4,927	6,041
Derivative liabilities	183	290	277
	15,195	13,790	15,150
Total liabilities	32,692	31,369	33,102
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	53,574	50,968	53,378

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

Consolidated	Financial assets and liabilities at fair value			
	Valuation hierarchy level	March 31		December 31
SEK millions		2017	2016	2016
Financial assets				
Other long term securities	1 and 2	40	29	25
Bonds and other securities	1	1,049	723	956
Derivative assets	2	113	153	169
Financial liabilities				
Derivative liabilities	2	215	355	314

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			
		March 31		December 31
SEK millions		2017	2016	2016
Credit institutions		192	149	137
Swedish Export Credit		3,126	2,953	3,153
European Investment Bank		2,338	2,257	2,345
Private placement		-	896	-
Corporate bonds		7,591	7,323	7,612
Capitalised financial leases		61	78	66
Interest-bearing pension liabilities		0	0	0
Total debt		13,308	13,656	13,313
Cash and cash equivalents and current deposits		-4,343	-2,745	-3,694
Net debt *		8,965	10,911	9,619

* Alternative performance measure, see page 22.

Alfa Laval has a senior credit facility of EUR 400 million and USD 544 million, corresponding to SEK 8,682 million with a banking syndicate. The facility was not utilised at March 31, 2017. The facility matures in June 2019, with two one-year extension options.

The corporate bonds are listed on the Irish stock exchange and consist of one tranche of EUR 300 million that matures in September 2019 and one tranche of EUR 500 million that matures in September 2022.

The bilateral term loans from Swedish Export Credit consist of 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 2020.

The loans from the European Investment Bank is split on one loan of EUR 130 million that matures in March 2018 and one loan of EUR 115 million that matures in June 2021.

The private placement of USD 110 million matured in April 2016 and was re-paid.

The commercial paper programme of SEK 2,000 million was not utilised at March 31, 2017.

CHANGES IN CONSOLIDATED EQUITY

SEK millions	First three months		Full year
	2017	2016	2016
At the beginning of the period	20,276	18,423	18,423
Changes attributable to:			
Owners of the parent			
Comprehensive income			
Comprehensive income for the period	603	1,156	3,815
Transactions with shareholders			
Increase of ownership in subsidiaries with non-controlling interests	-	-	-175
Dividends	-	-	-1,783
	-	-	-1,958
Subtotal	603	1,156	1,857
Non-controlling interests			
Comprehensive income			
Comprehensive income for the period	3	20	43
Transactions with shareholders			
Decrease of non-controlling interests	-	-	-30
Dividends	-	-	-17
	-	-	-47
Subtotal	3	20	-4
At the end of the period	20,882	19,599	20,276

Acquisitions and divestments of businesses

During the first quarter 2017 no acquisitions or divestments of businesses have occurred.

Parent company

The parent company's result after financial items for the first quarter 2017 was SEK 995 (3) million, out of which dividends from subsidiaries SEK 1,000 (-) million, net interests SEK 0 (-0) million, realised and unrealised exchange rate gains and losses SEK -0 (7) million, costs related

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

PARENT COMPANY INCOME *

SEK millions	First three months		Full year
	2017	2016	2016
Administration costs	-7	-8	-13
Other operating income	2	4	0
Other operating costs	0	0	-5
Operating income	-5	-4	-18
Revenues from interests in group companies	1,000	-	76
Interest income and similar result items	1	7	10
Interest expenses and similar result items	-1	0	-2
Result after financial items	995	3	66
Change of tax allocation reserve	-	-	-264
Group contributions	-	-	2,002
Result before tax	995	3	1,804
Tax on this year's result	1	-1	-381
Net income for the period	996	2	1,423

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

PARENT COMPANY FINANCIAL POSITION

SEK millions	March 31		December 31
	2017	2016	2016
ASSETS			
Non-current assets			
Shares in group companies	4,669	4,669	4,669
Current assets			
Receivables on group companies	9,290	8,239	8,548
Other receivables	43	196	6
Cash and cash equivalents	-	-	-
	9,333	8,435	8,554
TOTAL ASSETS	14,002	13,104	13,223
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Restricted equity	2,387	2,387	2,387
Unrestricted equity	10,193	9,559	9,197
	12,580	11,946	11,584
Untaxed reserves			
Tax allocation reserves, taxation 2011-2017	1,409	1,145	1,409
Current liabilities			
Liabilities to group companies	12	13	50
Accounts payable	1	0	0
Tax liabilities	-	-	180
Other liabilities	0	0	-
	13	13	230
TOTAL EQUITY AND LIABILITIES	14,002	13,104	13,223

Owners and shares

Owners and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 35,050 (35,994) shareholders on March 31, 2017. The largest owner is Tetra Laval B.V., the Netherlands who owns 29.1 (26.1) percent. Next to the largest owner, there are nine institutional investors with ownership in the range of 6.1 to 0.7 percent. These ten largest shareholders owned 51.1 (56.8) percent of the shares.

Proposed disposition of earnings

The Board of Directors propose a dividend of SEK 4.25 (4.25) per share corresponding to SEK 1,783 (1,783) million and that the remaining income available for distribution in Alfa Laval AB (publ) of SEK 7,414 (7,774) 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 2016 is still correct.

Asbestos-related lawsuits

The Alfa Laval Group was as of March 31, 2017, named as a co-defendant in a total of 874 asbestos-related lawsuits with a total of approximately 874 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 first quarter 2017 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.

Alfa Laval follows the Guidelines on Alternative Performance Measures issued by ESMA (European Securities and Markets Authority), see the following section.

"First quarter" and "First three months" both refer to the period January 1 to March 31. "Full year" refers to the period January 1 to December 31. "Last 12 months" refers to the period April 1, 2016 to March 31, 2017. "The corresponding period last year" refers to the first quarter 2016. "Previous quarter" refers to the fourth quarter 2016.

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.

Alternative performance measures

In the report alternative performance measures are used. See the annual report 2016 for definitions.

Date for the next financial report

Alfa Laval will publish interim reports during 2017 at the following dates:

Interim report for the second quarter July 17
Interim report for the third quarter October 25

The interim report has been issued at CET 12.45 on April 26, 2017 by the President and Chief Executive Officer Tom Erixon by proxy from the Board of Directors.

Lund, April 26, 2017,

Tom Erixon
President and Chief Executive Officer
Alfa Laval AB (publ)