

Third quarter 2018



Summary

SEK millions	Third quarter				First nine months			
	2018	2017	%	% *	2018	2017	%	% *
Order intake	11,357	8,418	35	26	33,444	26,848	25	21
Net sales	10,131	8,169	24	17	29,457	25,202	17	14
Adjusted EBITA **	1,736	1,310	33		4,931	3,999	23	
- adjusted EBITA margin (%) **	17.1	16.0			16.7	15.9		
Result after financial items	1,458	1,012	44		4,426	3,013	47	
Net income for the period	1,074	672	60		3,240	1,927	68	
Earnings per share (SEK)	2.56	1.59	61		7.70	4.57	68	
Cash flow ***	1,350	1,044	29		3,393	2,890	17	
Impact on adjusted EBITA of foreign exchange effects	50	19			5	190		
Impact on result after financial items of comparison distortion items	39	-			137	-		

* Excluding currency effects. ** Alternative performance measures. *** From operating activities.

Comment from Tom Erixon, President and CEO

"Almost all of Alfa Laval's end markets developed well in the quarter compared to last year, with 11 out of 13 Business Units growing. Sequentially, order intake decreased somewhat, after a very strong second quarter.

The organic growth in the Marine Division remained on a high level and order intake ended up substantially above last year (+68%). The market's demand for environmental applications continued to be the main growth driver. The business climate in the energy sector also continued to improve versus last year, contributing to the Energy Division's order growth (+14%). The division's positive development was wide-spread, covering most end markets. The Food & Water Division also reported higher order intake compared to last year

(+6%), with a good development across most end markets. Sequentially the order intake was lower, following two very strong quarters.

The operating profit (adjusted EBITA) continued to grow faster than invoicing, due to improved productivity and good cost control across the company. All three divisions continued to deliver good profitability, contributing to the group reaching an operating margin of 17.1 percent.

At this stage we have not seen any significant impact from geopolitical issues such as trade disputes or political tensions. While we do not expect any change in the short term, the general business sentiment may be negatively impacted in the longer term."

Outlook for the fourth quarter

"The demand in the fourth quarter is expected to be somewhat higher than in the third quarter."

Earlier published outlook (July 16, 2018): "We expect that demand during the third quarter 2018 will be somewhat lower than in the second quarter."

The interim report has been reviewed by the company's auditors, see page 25 for the review report.

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Management's discussion and analysis

Important events during the third quarter

In a press release on September 7, 2018 Alfa Laval communicated that the company continues to win fleet agreements for its ballast water treatment systems and has signed two fleet agreements for Alfa Laval PureBallast 3, in addition to eight fleet agreements signed earlier during 2018. The latest two fleet agreements

comprise the delivery of systems for retrofitting onboard 80 vessels. The individual orders will be booked in the Business Unit Marine Separation & Heat Transfer Equipment of the Marine Division between 2019 and 2024, and a vast majority will be delivered before 2022.

Large orders (>EUR 5 million) in the third quarter

Division	Business Unit	Delivery date	Order amount	Total per Business Unit	
	Scope of supply			Q3 2018	Q3 2017
SEK millions					
Energy					
	Welded Heat Exchangers				
	Air cooler systems to a gas processing plant in the US.	2018/2019	100		
	Compact heat exchangers to a petrochemical plant in the US.	2019	85	185	-
Food & Water					
	Food Systems			-	60
Marine					
	Boiler & Gas Systems			-	50
	Pumping Systems				
	Framo pumping systems to an FPSO* vessel to be built in China.	2019	70	70	-
Total				255	110

* FPSO = Floating Production, Storage and Offloading.

Order intake

Orders received was SEK 11,357 (8,418) million in the third quarter and SEK 33,444 (26,848) million

in the first nine months 2018. The graph below shows the historical development per quarter.



% = change by quarter compared to corresponding period last year, at constant rates

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

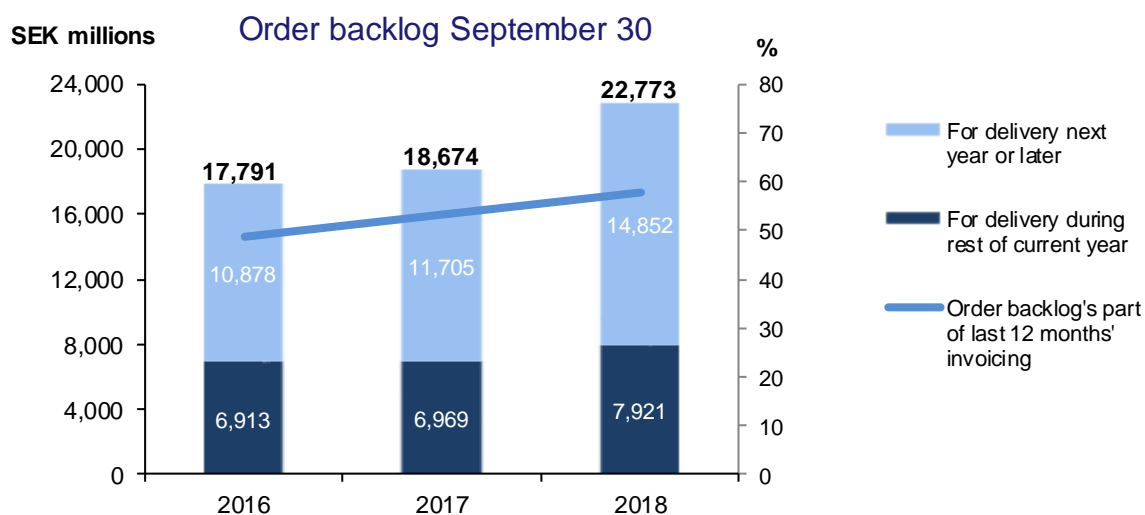
	Consolidated	Order bridge					
		Order intake Prior periods SEK millions	Change				Order intake Current periods SEK millions
			Excluding currency effects			After currency effects	
			Structural change ¹⁾ (%)	Organic development ²⁾ (%)	Total (%)	Currency effects (%) Total (%)	
Q3 2018/Q3 2017		8,418	-1.0	27.1	26.1	8.8 34.9	11,357
Q3 2018/Q2 2018		12,062	0.0	-5.8	-5.8	0.0 -5.8	11,357
YTD 2018/2017		26,848	-0.6	21.9	21.3	3.3 24.6	33,444

Orders received from the aftermarket Service³ constituted 25.2 (30.8) percent of the Group's total orders received during the third quarter and 25.9 (30.8) percent during the first nine months 2018.

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

Consolidated	Service order intake			
	Change excluding currency effects			
	%	Structural change	Organic development	Total
Q3 2018/Q3 2017		-0.2	3.9	3.7
Q3 2018/Q2 2018		-0.1	-0.9	-1.0
YTD 2018/2017		-0.1	3.1	3.0

Order backlog



Excluding currency effects and adjusted for divestment of businesses the order backlog was 19.3 percent larger than the order backlog at

September 30, 2017 and 21.2 percent larger than the order backlog at the end of 2017.

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

Net sales

Net invoicing was SEK 10,131 (8,169) million for the third quarter and SEK 29,457 (25,202) million for the first nine months 2018. The change

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

Consolidated		Sales bridge					
	Net sales Prior periods SEK millions	Change					Net sales Current periods SEK millions
		Excluding currency effects			After currency effects		
		Structural change (%)	Organic development (%)	Total (%)	Currency effects (%)	Total (%)	
Q3 2018/Q3 2017	8,169	-1.1	17.8	16.7	7.3	24.0	10,131
Q3 2018/Q2 2018	10,475	-0.4	-2.6	-3.0	-0.3	-3.3	10,131
YTD 2018/2017	25,202	-0.5	14.6	14.1	2.8	16.9	29,457

Net invoicing relating to Service constituted 27.6 (31.2) percent of the Group's total net invoicing in the third quarter and 28.5 (31.2) percent in the first

nine months 2018. The change compared with the corresponding periods last year and the previous quarter can be split into:

Consolidated		Service sales		
%		Change excluding currency effects		
		Structural change	Organic development	Total
Q3 2018/Q3 2017		-0.2	3.6	3.4
Q3 2018/Q2 2018		0.0	-4.7	-4.7
YTD 2018/2017		-0.1	5.0	4.9

Income

CONSOLIDATED COMPREHENSIVE INCOME

SEK millions	Third quarter		First nine months		Full year	Last 12
	2018	2017	2018	2017	2017	months
Net sales	10,131	8,169	29,457	25,202	35,314	39,569
Cost of goods sold	-6,688	-5,405	-19,440	-16,706	-23,379	-26,113
Gross profit	3,443	2,764	10,017	8,496	11,935	13,456
Sales costs	-1,115	-1,018	-3,331	-3,076	-4,127	-4,382
Administration costs	-455	-378	-1,441	-1,308	-1,809	-1,942
Research and development costs	-231	-201	-702	-618	-874	-958
Other operating income	206	135	565	433	588	720
Other operating costs	-345	-257	-845	-735	-1,135	-1,245
Share of result in joint ventures	7	10	20	20	11	11
Operating income	1,510	1,055	4,283	3,212	4,589	5,660
Dividends and other financial income	5	0	16	0	47	63
Interest income and financial exchange rate gains	44	53	389	214	237	412
Interest expense and financial exchange rate losses	-101	-96	-262	-413	-502	-351
Result after financial items	1,458	1,012	4,426	3,013	4,371	5,784
Taxes	-384	-340	-1,186	-1,086	-1,383	-1,483
Net income for the period	1,074	672	3,240	1,927	2,988	4,301
Other comprehensive income:						
Items that will subsequently be reclassified to net income						
Cash flow hedges	45	185	-191	311	257	-245
Market valuation of external shares	0	0	0	0	2	2
Translation difference	-607	-202	1,007	-1,271	-1,339	939
Deferred tax on other comprehensive income	-6	-33	10	82	152	80
Sum	-568	-50	826	-878	-928	776
Items that will subsequently not be reclassified to net income						
Revaluations of defined benefit obligations	10	50	30	150	15	-105
Deferred tax on other comprehensive income	-2	-14	-8	-42	4	38
Sum	8	36	22	108	19	-67
Comprehensive income for the period	514	658	4,088	1,157	2,079	5,010
Net income attributable to:						
Owners of the parent	1,070	669	3,228	1,917	2,976	4,287
Non-controlling interests	4	3	12	10	12	14
Earnings per share (SEK)	2.56	1.59	7.70	4.57	7.09	10.22
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	516	658	4,075	1,154	2,069	4,990
Non-controlling interests	-2	0	13	3	10	20

The gross profit has been affected positively by a higher sales volume and a positive currency effect and negatively by an unfavourable mix between capital sales and service.

Sales and administration expenses were SEK 1,570 (1,396) million during the third quarter and SEK 4,772 (4,384) million during the first nine months 2018. Excluding currency effects and acquisition/divestment of businesses, sales and

administration expenses were 7.7 percent and 6.7 percent respectively higher than the corresponding periods last year. The increase is entirely explained by an increased activity level within the company. The corresponding figure when comparing the third quarter 2018 with the previous quarter is a decrease with 6.3 percent.

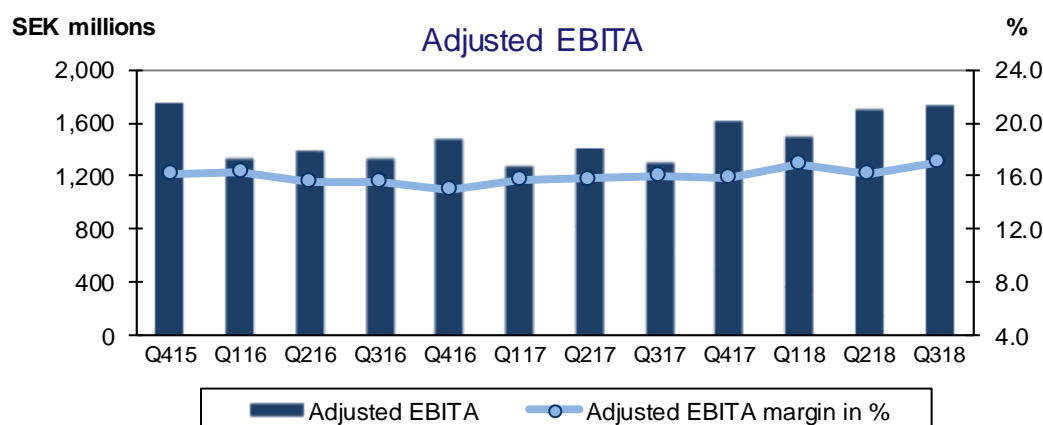
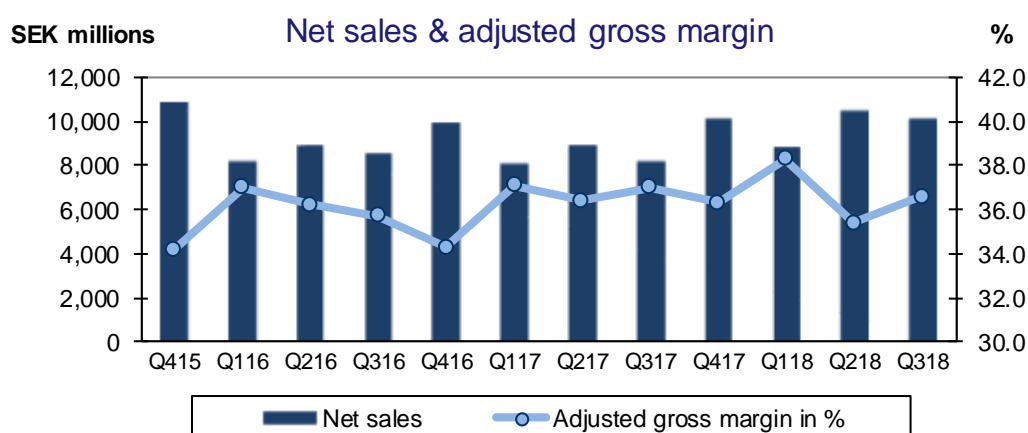
The costs for research and development during the first nine months 2018 corresponded to 2.4

(2.5) percent of net sales. Excluding currency effects and acquisition/divestment of businesses, the costs for research and development have increased by 10.2 percent during the third quarter and by 10.5 percent during the first nine months 2018 compared to the corresponding periods last year. The corresponding figure when comparing

the third quarter 2018 with the previous quarter is a decrease with 9.6 percent.

Earnings per share, excluding amortisation of step-up values and the corresponding tax*, was SEK 9.21 (5.94) for the first nine months 2018.

Consolidated	Income analysis					
	Third quarter		First nine months		Full year	Last 12 months
SEK millions	2018	2017	2018	2017	2017	months
Net sales	10,131	8,169	29,457	25,202	35,314	39,569
Adjusted gross profit *	3,708	3,019	10,802	9,283	12,956	14,475
- adjusted gross margin (%) *	36.6	37.0	36.7	36.8	36.7	36.6
Expenses **	-1,816	-1,558	-5,401	-4,816	-6,717	-7,302
- in % of net sales	17.9	19.1	18.3	19.1	19.0	18.5
Adjusted EBITDA *	1,892	1,461	5,401	4,467	6,239	7,173
- adjusted EBITDA margin (%) *	18.7	17.9	18.3	17.7	17.7	18.1
Depreciation	-156	-151	-470	-468	-629	-631
Adjusted EBITA *	1,736	1,310	4,931	3,999	5,610	6,542
- adjusted EBITA margin (%) *	17.1	16.0	16.7	15.9	15.9	16.5
Amortisation of step-up values	-265	-255	-785	-787	-1,021	-1,019
Comparison distortion items	39	-	137	-	-	137
Operating income	1,510	1,055	4,283	3,212	4,589	5,660



* Alternative performance measures. ** Excluding comparison distortion items.

Comparison distortion items

Consolidated	Comparison distortion items					
	Third quarter		First nine months		Full year	Last 12
SEK millions	2018	2017	2018	2017	2017	months
Operational						
Other operating income	167	135	428	433	588	583
Comparison distortion income	39	-	137	-	-	137
Total other operating income	206	135	565	433	588	720

The comparison distortion income during the first nine months 2018 is relating to three items.

The divestments of the Alonte based commercial tubular heat exchanger business and the heat exchanger systems business have resulted in a total gain of SEK 29 million.

The sale of a property in Lima in Peru resulted in a realised gain of SEK 70 million.

Based on a court decision in a litigation against the former owners of Ashbrook Simon-Hartley, Alfa Laval has received a purchase price reduction of SEK 38 million. The acquisition of Ashbrook Simon-Hartley took place in 2012.

Consolidated financial net and taxes

The financial net for the first nine months 2018 was SEK -54 (-73) 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 -3 (-4) million, interest on the bilateral term loans of SEK -32 (-31) million, interest on the commercial papers of SEK 0 (0) million, interest on the corporate bonds of SEK -62 (-58) million and a net of dividends, changes in fair value and other interest income and interest costs of SEK 43 (20) million. The net of realised and unrealised exchange rate differences was SEK 197 (-126) million.

The tax on the result after financial items was SEK -384 (-340) million in the third quarter and SEK -1 186 (-1 086) million in the first nine months 2018. The tax cost for the third quarter and the first nine months 2017 was affected by a dividend distribution tax in India of SEK -100 million. The tax cost for the first nine months 2017 was also 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.

Key figures

Consolidated	Key figures		
	September 30		December 31
	2018	2017	2017
Return on capital employed (%) *	22.1	15.5	17.7
Return on equity (%) **	20.0	12.7	13.9
Solidity (%) ***	39.7	38.6	39.0
Net debt to EBITDA, times *	1.08	1.60	1.31
Debt ratio, times *	0.35	0.47	0.40
Number of employees (at the end of the period)	17,015	16,388	16,367

* Alternative performance measures.

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

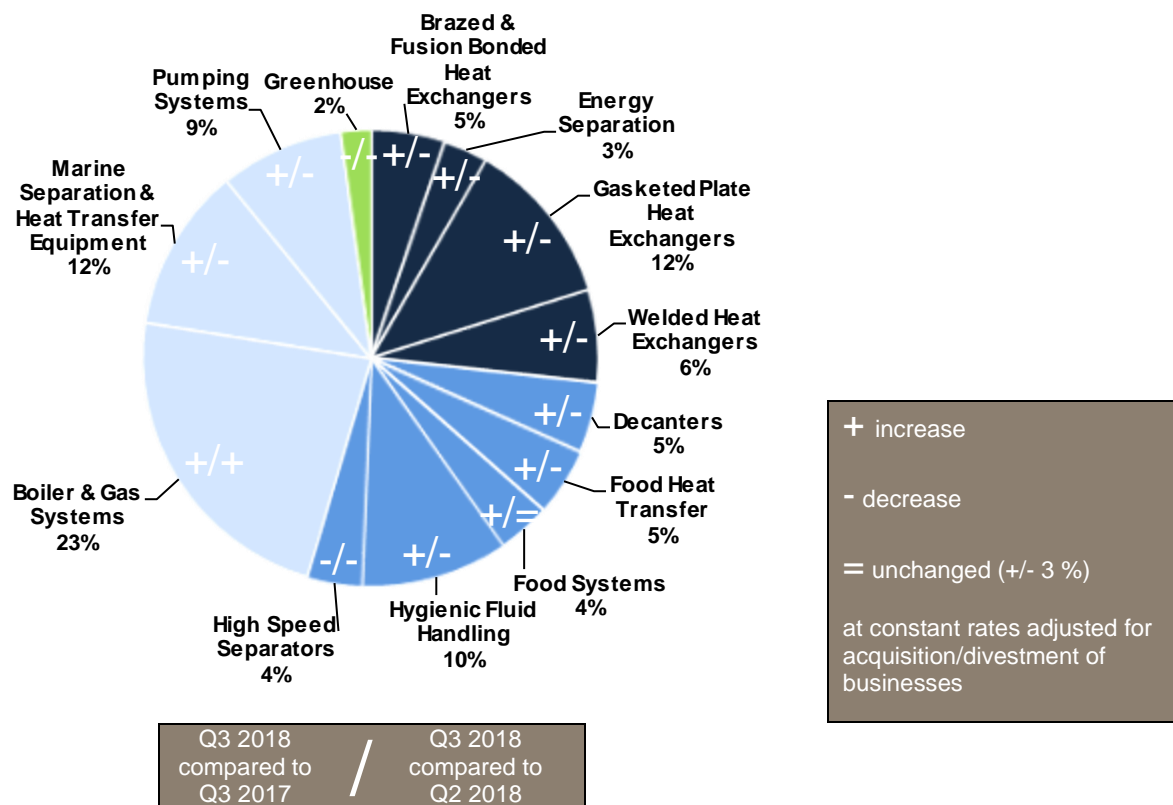
*** Equity in relation to total assets at the end of the period, expressed in percent.

Business Divisions

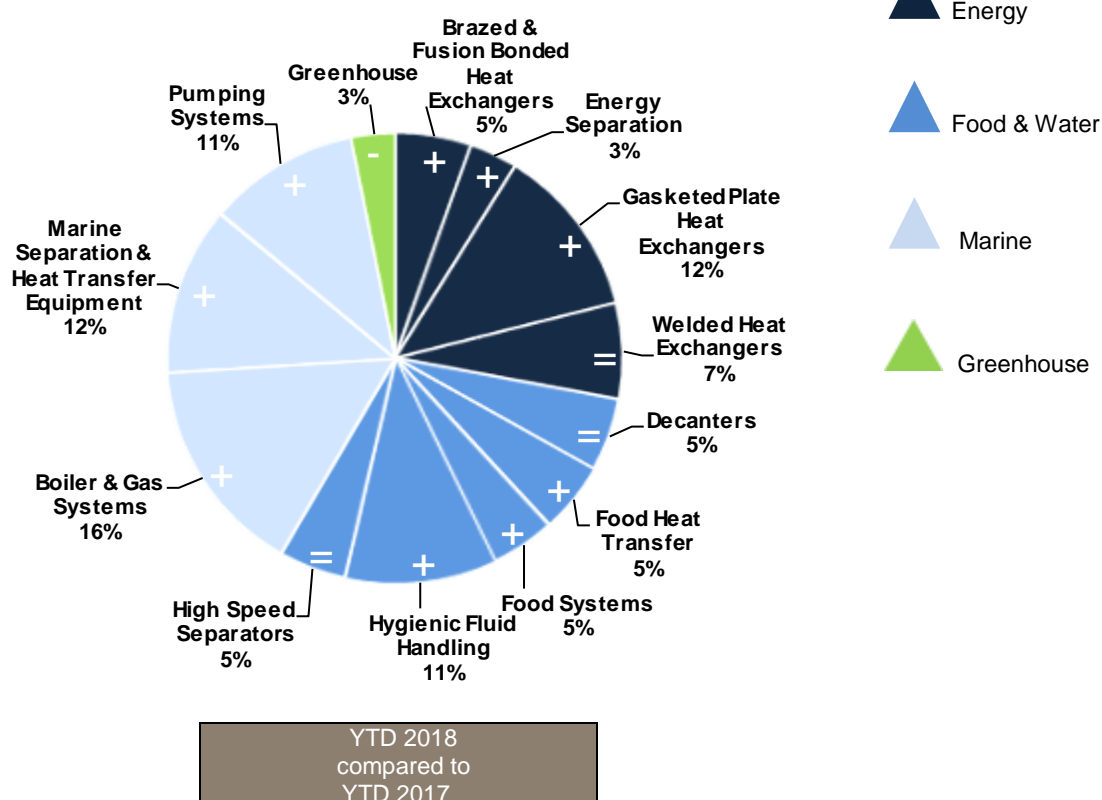
The development of the order intake for the Divisions and their Business Units and the split

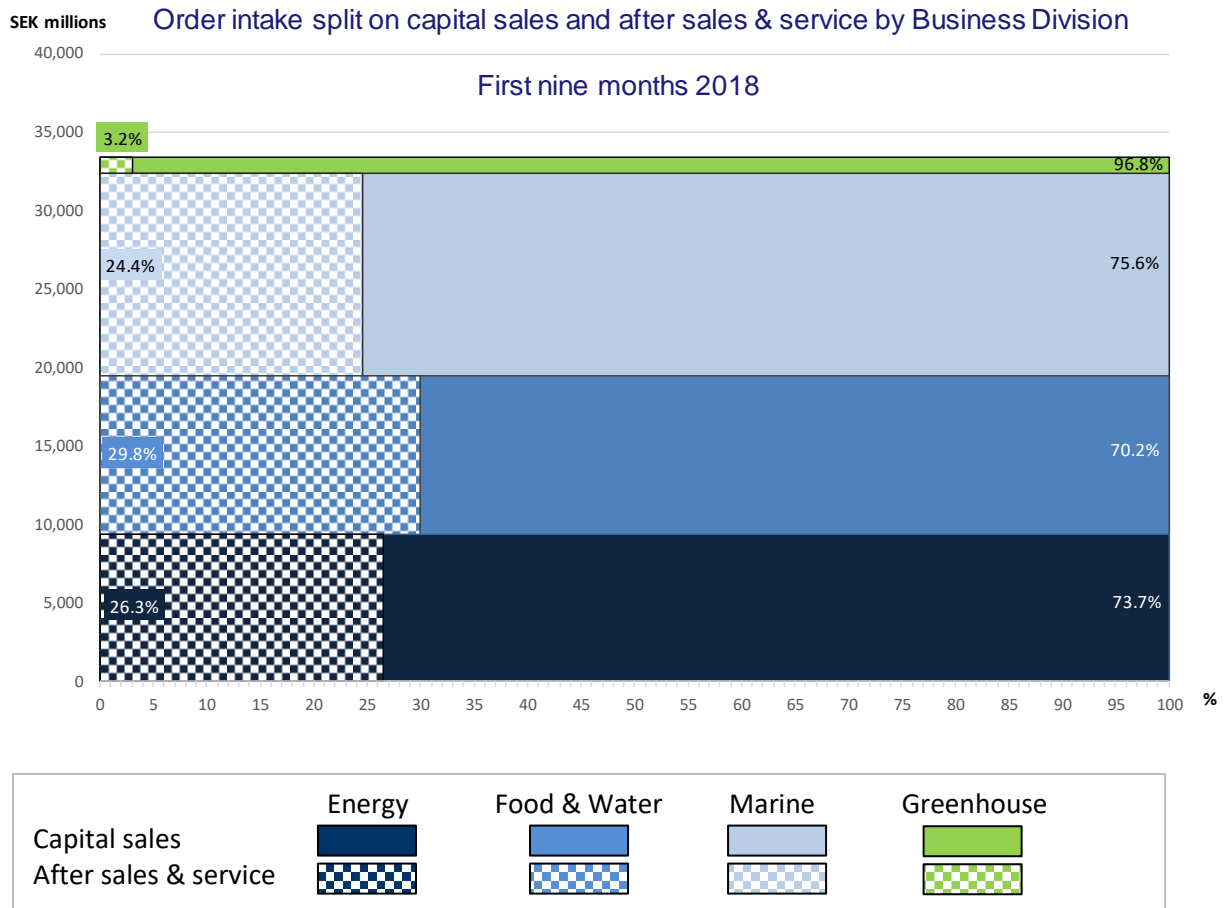
between capital sales and after sales & service appear in the following charts.

Orders received by Business Unit Q3 2018



Orders received by Business Unit YTD 2018





Energy Division

Consolidated	Third quarter		First nine months		Full year	Last 12
	2018	2017	2018	2017	2017	months
SEK millions						
Orders received	3,039	2,513	9,355	8,323	11,175	12,207
Order backlog*	4,852	4,883	4,852	4,883	4,471	4,852
Net sales	3,043	2,598	9,070	7,742	11,001	12,329
Operating income**	461	417	1,332	1,056	1,525	1,801
Operating margin***	15.1%	16.1%	14.7%	13.6%	13.9%	14.6%
Depreciation and amortisation	77	74	230	230	317	317
Investments	13	16	35	48	84	71
Assets*	10,481	9,181	10,481	9,181	9,555	10,481
Liabilities*	4,239	3,175	4,239	3,175	3,743	4,239
Number of employees*	3,146	3,058	3,146	3,058	3,016	3,146

* 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
Q3 2018/Q3 2017	-	13.9	13.9	-	10.4	10.4
Q3 2018/Q2 2018	-	-9.6	-9.6	-	-4.9	-4.9
YTD 2018/2017	-	10.1	10.1	-	14.6	14.6

Order intake*

The Energy Division's overall order volume decreased somewhat in the third quarter compared to the previous quarter. This was partly due to some seasonality for applications within HVAC (Heating, Ventilation & Air Conditioning) and partly due to less of mid-sized and large orders from petrochemical and refinery industries. The latter had an effect on the business linked to the hydro carbon chain, which in total declined during the quarter. The development for large orders should, however, not be seen as an indicator for the underlying downstream activity level, which was still good and was reflected in a stable base business**. At the same time, demand from the midstream part of the oil- and gas sector showed continued strength, supported by a large order for products to a U.S. gas processing plant. In general, the division saw a continued positive business sentiment across its end markets.

Service order intake showed modest growth compared to the second quarter. The base business was flat, while the demand for service contracts from the oil-related industry in mainly North America and the Nordic region increased.

Operating income

Consolidated	Bridge	
	Third quarter	First nine months
SEK millions		
Operating income 2017	417	1,056
Volume ¹⁾	122	389
Mix ¹⁾	-30	-58
Costs ¹⁾	-56	-61
Currency	8	6
Operating income 2018	461	1,332

1) Change excluding currency effects

The increase in net sales was mainly driven by capital sales. The negative mix was therefore caused by a lower share of service. The increase in cost in the quarter is partly explained by an increased activity level, but also of costs being unusually low in the third quarter of last year.

* Comments excluding currency effects.

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

Food & Water Division

Consolidated	Third quarter		First nine months		Full year	Last 12 months
	2018	2017	2018	2017	2017	
SEK millions						
Orders received	3,151	2,788	10,151	9,335	12,388	13,204
Order backlog*	4,917	4,541	4,917	4,541	4,317	4,917
Net sales	3,336	2,882	9,606	8,563	11,824	12,867
Operating income**	542	410	1,503	1,263	1,780	2,020
Operating margin***	16.2%	14.2%	15.6%	14.7%	15.1%	15.7%
Depreciation and amortisation	38	31	110	107	142	145
Investments	23	18	76	37	73	112
Assets*	9,465	8,084	9,465	8,084	8,124	9,465
Liabilities*	4,543	3,579	4,543	3,579	3,652	4,543
Number of employees*	4,184	4,007	4,184	4,007	3,997	4,184

* 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
Q3 2018/Q3 2017	-	5.9	5.9	-	9.5	9.5
Q3 2018/Q2 2018	-	-11.6	-11.6	-	-1.0	-1.0
YTD 2018/2017	-	6.6	6.6	-	10.0	10.0

Order intake*

The Food & Water division's order intake in the third quarter was lower than the previous quarter following two strong quarters. The sentiment in the end market industries remained good.

While order intake from several end markets was below the record second quarter, brewery was strong. The industry is still in a consolidation phase and is mainly focusing on productivity and product quality related investments, rather than capacity investments. Dairy declined somewhat from a high level. Demand from the biotech sector - a project type of business which typically shows swings between quarters - also declined. Water and waste markets were slower, generating less of larger orders. The development was mainly explained by the European markets, whereas the North American market remained on previous levels. Order intake from edible oil also declined, as a large order in Asia in the second quarter was not repeated. Even as edible oil capacity has been built out over a long period of time, there are still opportunities in the market. Ethanol, starch and sugar showed a modest decline.

The aftermarket also showed a slight decline compared to the previous quarter, mainly explained by Europe and Asia, while growth was recorded in the Americas.

Operating income

Consolidated	Bridge	
	Third quarter	First nine months
SEK millions		
Operating income 2017	410	1,263
Volume ¹⁾	125	298
Mix ¹⁾	51	78
Costs ¹⁾	-53	-154
Currency	9	18
Operating income 2018	542	1,503

1) Change excluding currency effects

After several quarters of strong order intake, a high level of invoicing was reflected in the quarter. A favourable product mix contributed to an overall positive mix effect, despite a somewhat lower service share. Sales and administration costs were up reflecting a higher activity level. Equally, research and development costs were up compared to last year, fully in line with the strategy to further accelerate new product development.

* Comments excluding currency effects.

Marine Division

Consolidated	Third quarter		First nine months		Full year	Last 12
	2018	2017	2018	2017	2017	months
SEK millions						
Orders received	4,903	2,725	12,883	7,959	11,456	16,380
Order backlog*	12,529	8,714	12,529	8,714	9,027	12,529
Net sales	3,433	2,322	9,714	7,652	10,809	12,871
Operating income**	599	361	1,669	1,171	1,771	2,269
Operating margin***	17.4%	15.5%	17.2%	15.3%	16.4%	17.6%
Depreciation and amortisation	200	188	593	573	772	792
Investments	25	18	61	38	59	82
Assets*	25,192	23,335	25,192	23,335	23,861	25,192
Liabilities*	7,018	5,762	7,018	5,762	5,963	7,018
Number of employees*	3,011	2,906	3,011	2,906	2,914	3,011

* 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
Q3 2018/Q3 2017	-	67.7	67.7	-	38.4	38.4
Q3 2018/Q2 2018	-	3.6	3.6	-	-1.4	-1.4
YTD 2018/2017	-	56.2	56.2	-	23.3	23.3

Order intake*

Order intake for the Marine Division increased slightly in the third quarter compared to the second, due to a very high demand for PureSOx.

The demand for equipment and systems, related to contracting of new vessels, was lower in the third quarter compared to the previous quarter, reflecting the more muted contracting numbers seen at the beginning of the year. The decrease in order intake came on the back of a very strong second quarter and was seen across all product groups. The largest decline was noted for Pumping Systems, which had a particularly strong order intake in the previous quarter. The environmental offering saw a significant increase in order intake, due to high demand for PureSOx as the global sulphur cap in 2020 is getting closer. The increased demand was seen for new build vessels and existing vessels alike, with a particularly strong uptake among large ships with high fuel consumption. It is likely that the market development in the quarter reflected a situation where shipowners booked to get slots for delivery before 2020. PureBallast had somewhat lower order intake compared to the previous quarter, but the level was still good. Order intake for offshore and engine power decreased as most product groups saw lower demand in a market characterized by irregular order intake. There is, however, a continued high activity level in the offshore industry in the wake of a higher oil price.

Order intake for Service was unchanged compared to the second quarter as lower demand

for boiler parts and repair work was offset by higher offshore service demand for Pumping Systems.

Operating income

Consolidated	Bridge	
	Third quarter	First nine months
SEK millions		
Operating income 2017	361	1,171
Volume ¹⁾	330	595
Mix ¹⁾	-51	16
Costs ¹⁾	-60	-152
Currency	19	39
Operating income 2018	599	1,669

1) Change excluding currency effects

The main contribution to the increased profitability is a strong volume effect driven by higher invoicing of environmental products and pumping systems. This development creates a negative mix effect as the share of after sales compared to new sales decreases. The increase in cost is largely driven by the higher activity level within environmental products.

* Comments excluding currency effects.

Greenhouse Division

Consolidated SEK millions	Third quarter		First nine months		Full year	Last 12 months
	2018	2017	2018	2017	2017	
Orders received	244	392	1,023	1,231	1,609	1,401
Order backlog*	467	536	467	536	474	467
Net sales	300	367	1,043	1,245	1,680	1,478
Operating income**	20	-34	50	-26	-12	64
Operating margin***	6.7%	-9.3%	4.8%	-2.1%	-0.7%	4.3%
Depreciation and amortisation	1	12	10	37	26	-1
Investments	5	1	13	5	17	25
Assets*	795	1,053	795	1,053	806	795
Liabilities*	512	516	512	516	593	512
Number of employees*	504	686	504	686	642	504

* 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
Q3 2018/Q3 2017	-12.2	-30.1	-42.3	-21.0	-3.1	-24.1
Q3 2018/Q2 2018	0.0	-34.6	-34.6	-11.2	-9.7	-20.9
YTD 2018/2017	-10.1	-9.9	-20.0	-7.8	-11.3	-19.1

Order intake*

Greenhouse order intake decreased in the third quarter compared to the previous quarter, as project orders for industrial cooling applications for conventional power in the second quarter were not repeated.

Air heat exchangers was the unit to be affected by the non-repeats as well as seasonally lower demand for commercial refrigeration. At the same time, it saw a continued good development across industrial refrigeration and data centre cooling applications. The Nordic region developed well, with weaker performance seen in Southern, Central and Eastern Europe. The remaining tubular heat exchangers business reported growth, as recently secured OEM agreements resulted in increased order intake for engine cooling applications in the U.S.

Operating income

Consolidated	Bridge	
	Third quarter	First nine months
SEK millions		
Operating income 2017	-34	-26
Volume ¹⁾	-3	-26
Mix ¹⁾	54	89
Costs ¹⁾	2	11
Currency	1	2
Operating income 2018	20	50

1) Change excluding currency effects

Net sales have decreased due to the divestments of the two product groups – heat exchanger systems and the Alonte based commercial tubular heat exchanger business. The divestments are also the main explanation to the mix and cost development since the remaining businesses in general are more profitable. The profitability is further supported by good volume development and higher manufacturing capacity utilization.

* Comments excluding currency effects.

Operations and Other

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

head and non-core businesses.

Consolidated						
	Third quarter		First nine months		Full year	Last 12
SEK millions	2018	2017	2018	2017	2017	months
Orders received	20	0	32	0	0	32
Order backlog*	8	0	8	0	0	8
Net sales	19	0	24	0	0	24
Operating income**	-160	-99	-464	-303	-533	-694
Depreciation and amortisation	105	101	312	308	393	397
Investments	350	67	746	265	442	923
Assets*	6,208	4,965	6,208	4,965	5,372	6,208
Liabilities*	2,711	2,342	2,711	2,342	2,591	2,711
Number of employees*	6,170	5,731	6,170	5,731	5,798	6,170

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

The order intake and net sales for Operations and Other is relating to contract manufacturing of shell and tube heat exchangers for BITZER after the sale of the business to BITZER.

The deteriorated operating income in the third quarter 2018 compared to the corresponding period last year is above all explained by increased activities within the manufacturing restructuring program.

Reconciliation between Divisions and Group total

Consolidated						
	Third quarter		First nine months		Full year	Last 12
SEK millions	2018	2017	2018	2017	2017	months
Operating income						
Total for divisions	1,462	1,055	4,090	3,161	4,531	5,460
Comparison distortion items	39	-	137	-	-	137
Consolidation adjustments *	9	0	56	51	58	63
Total operating income	1,510	1,055	4,283	3,212	4,589	5,660
Financial net	-52	-43	143	-199	-218	124
Result after financial items	1,458	1,012	4,426	3,013	4,371	5,784
Assets **						
Total for divisions	52,141	46,618	52,141	46,618	47,718	52,141
Corporate ***	5,260	4,071	5,260	4,071	4,831	5,260
Group total	57,401	50,689	57,401	50,689	52,549	57,401
Liabilities **						
Total for divisions	19,023	15,374	19,023	15,374	16,542	19,023
Corporate ***	15,587	15,728	15,587	15,728	15,507	15,587
Group total	34,610	31,102	34,610	31,102	32,049	34,610

* 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	Net sales by product/service *					
	Third quarter		First nine months		Full year	Last 12 months
SEK millions	2018	2017	2018	2017	2017	
Own products within:						
Separation	1,837	1,488	5,276	4,546	6,471	7,201
Heat transfer	4,427	3,799	13,073	11,785	16,726	18,014
Fluid handling	2,438	1,725	7,009	5,671	7,678	9,016
Other	626	267	1,593	748	1,180	2,025
Associated products	345	418	1,169	1,057	1,448	1,560
Services	458	472	1,337	1,395	1,811	1,753
Total	10,131	8,169	29,457	25,202	35,314	39,569

* 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 T10-B



The next-generation range of gasketed plate heat exchangers for industrial applications.

The Alfa Laval T10-B will provide highly efficient heat transfer performance in a compact unit that offers an attractive solution to customers operating in HVAC and light industry applications. It will also provide an interesting alternative for customers that require utility heat exchangers for cooling and heating of water, lube oil and other media that supplements more complex manufacturing processes. With the release of T10-B, Alfa Laval again demonstrates the commitment to providing

sustainable heat transfer solutions. The new unit incorporates a totally new plate design concept that will enable even higher levels of energy savings than its predecessor.

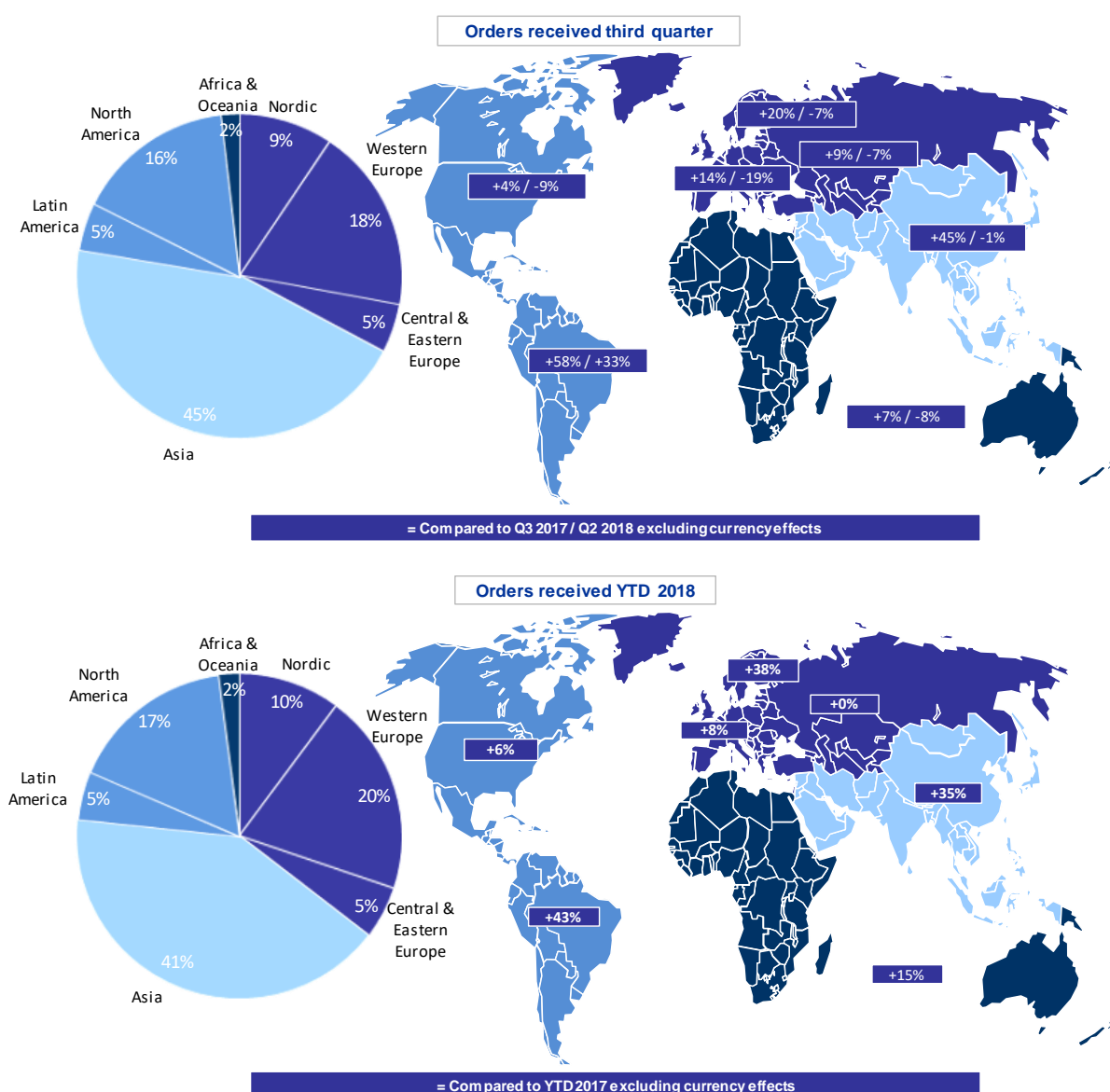
Framo Insights



Smart service. Picture from Aker BP.

Framo Insights will predict the future for the Framo pumping systems. A new smart service contract will change the traditional approach to maintenance when digitalizing oil platforms. As the first supplier ever, Framo has been able to access real-time data from its own equipment at oil platforms in the North Sea. This provides Framo, the supplier of pumps to these platforms, a unique feedback from the equipment in use. With Framo Insights, continuous flow of live offshore data allows for onshore monitoring of equipment replacing unnecessary scheduled maintenance activities with maintenance when needed. The information on how the pumps of a specific installation are functioning, results in more efficient maintenance. While the service agreements previously just defined hourly rates, they now focus on uptime. This is something completely new and has required the design of new smart service contracts.

Information by region



All comments are excluding currency effects.

Western Europe including Nordic

The region reported a rather broad-based decline in the third quarter compared to the very strong order intake in the second quarter. The main exception was the Marine Division in the Nordic, which grew supported by strong order intake for PureBallast and PureSOx.

Central and Eastern Europe

Order intake declined somewhat in the third quarter compared with the second, mainly due to lower order intake in the Food & Water Division and a non-repeat order for Pumping Systems. Turkey was the only market to grow, driven by good order intake for capital equipment as well as service in the Energy and Marine Divisions.

North America

Order intake declined in the third quarter compared to the previous quarter, as growth in

Canada could not compensate for somewhat lower order intake in the U.S. While order intake declined somewhat in all three divisions in the U.S., the business sentiment was unchanged and the service business grew across the three divisions. Canada's positive development was driven by good order intake for service as well as orders for capital equipment in the Energy Division.

Latin America

The region reported growth in the third quarter, mainly driven by PureSOx and a number of larger orders from the oil & gas industry in Brazil. The base business* in Brazil also developed well due to increased demand for capital equipment in the Energy Division, as well as a strong order intake for service across all three divisions. Growth was

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

also noted in Mexico, driven by food-related orders and in the region Colombia, Venezuela & Panama, driven by Marine.

Asia

In the third quarter, the region was virtually unchanged from the record-high second quarter. A decline in India, the Middle East and Japan was almost fully compensated for by continued strong order intake for the Marine Division across the region, with the environmental portfolio being the main driver. China was on the same level as the

very strong second quarter, supported by PureSOx and continued good base-business development in both Food & Water and Energy. The drop in India compared to the second quarter was mainly due to non-repeat orders, while the base business reported growth.

Africa and Oceania

The region reported a decline in the third quarter compared to the previous quarter, mainly due to fewer larger orders booked in the quarter.

Consolidated SEK millions	Net sales					
	Third quarter		First nine months		Full year	Last 12 months
	2018	2017	2018	2017	2017	
To customers in:						
Sweden	212	213	665	631	888	922
Other EU	2,787	2,140	8,051	6,770	9,627	10,908
Other Europe	654	659	2,058	1,880	2,726	2,904
USA	1,603	1,372	4,683	4,190	5,712	6,205
Other North America	246	204	682	571	816	927
Latin America	432	432	1,335	1,192	1,614	1,757
Africa	110	78	332	229	396	499
China	1,440	1,087	3,837	3,251	4,309	4,895
South Korea	697	630	2,271	2,074	2,952	3,149
Other Asia	1,817	1,242	5,116	4,051	5,754	6,819
Oceania	133	112	427	363	520	584
Total	10,131	8,169	29,457	25,202	35,314	39,569

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

the delivery address.

Consolidated SEK millions	Non-current assets		
	September 30		December 31
	2018	2017	2017
Sweden	1,358	1,313	1,326
Denmark	4,739	4,543	4,654
Other EU	3,781	3,495	3,581
Norway	13,158	12,898	12,495
Other Europe	131	152	148
USA	3,901	3,724	3,707
Other North America	131	129	129
Latin America	249	295	284
Africa	7	8	9
Asia	3,103	2,714	2,919
Oceania	90	90	90
Subtotal	30,648	29,361	29,342
Other long-term securities	54	44	35
Pension assets	3	4	6
Deferred tax asset	1,453	1,540	1,589
Total	32,158	30,949	30,972

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		First nine months		Full year	Last 12 months
	2018	2017	2018	2017	2017	
Operating activities						
Operating income	1,510	1,055	4,283	3,212	4,589	5,660
Adjustment for depreciation, amortisation and write down	421	406	1,255	1,255	1,650	1,650
Adjustment for other non-cash items	-53	18	-138	-40	107	9
	1,878	1,479	5,400	4,427	6,346	7,319
Taxes paid	-385	-362	-1,277	-1,374	-1,583	-1,486
	1,493	1,117	4,123	3,053	4,763	5,833
Changes in working capital:						
Increase(-)/decrease(+) of receivables	-100	184	-1,060	19	-517	-1,596
Increase(-)/decrease(+) of inventories	-270	-249	-657	-630	-774	-801
Increase(+)/decrease(-) of liabilities	189	-141	928	448	1,273	1,753
Increase(+)/decrease(-) of provisions	38	133	59	0	-282	-223
Increase(-)/decrease(+) in working capital	-143	-73	-730	-163	-300	-867
	1,350	1,044	3,393	2,890	4,463	4,966
Investing activities						
Investments in fixed assets (Capex)	-416	-120	-931	-393	-675	-1,213
Divestment of fixed assets	1	10	89	25	23	87
Acquisition of businesses	-	-11	-	-69	-69	-
Divestment of businesses	-	-	77	-	-	77
	-415	-121	-765	-437	-721	-1,049
Financing activities						
Received interests and dividends	27	24	99	89	168	178
Paid interests	-100	-93	-161	-172	-214	-203
Realised financial exchange gains	40	22	240	56	77	261
Realised financial exchange losses	-25	-98	-244	-207	-245	-282
Dividends to owners of the parent	-	-	-1,783	-1,783	-1,783	-1,783
Dividends to non-controlling interests	-	-	0	-5	-14	-9
Increase(-) of financial assets	0	-79	0	-79	-187	-108
Decrease(+) of financial assets	-180	-83	406	0	0	406
Increase of loans	49	-288	692	775	715	632
Amortisation of loans	0	-700	-1,738	-1,676	-1,676	-1,738
	-189	-1,295	-2,489	-3,002	-3,159	-2,646
Cash flow for the period	746	-372	139	-549	583	1,271
Cash and cash equivalents at the beginning of the period	2,569	2,369	3,137	2,619	2,619	1,949
Translation difference in cash and cash equivalents	-62	-48	-23	-121	-65	33
Cash and cash equivalents at the end of the period	3,253	1,949	3,253	1,949	3,137	3,253
Free cash flow per share (SEK) *	2.23	2.20	6.27	5.85	8.92	9.34
Capex in relation to net sales	4.1%	1.5%	3.2%	1.6%	1.9%	3.1%
Average number of shares	419,456,315	419,456,315	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 nine months 2018 cash flows from operating and investing activities were SEK 2,628 (2,453) million. Depreciation, excluding allocated step-up values, was SEK 470 (468) million during the first nine months 2018.

The sale of businesses during the first nine months is relating to the sale of heat exchanger systems to NIBE with SEK 40 million and shell and tube heat exchangers to BITZER with SEK 37 million.

Financial position and equity

CONSOLIDATED FINANCIAL POSITION

SEK millions	September 30 2018	September 30 2017	December 31 2017
ASSETS			
Non-current assets			
Intangible assets	25,211	24,652	24,467
Property, plant and equipment	5,421	4,677	4,851
Other non-current assets	1,526	1,620	1,654
	32,158	30,949	30,972
Current assets			
Inventories	9,160	8,120	8,424
Assets held for sale	-	2	2
Accounts receivable	6,613	5,636	5,941
Other receivables	5,374	2,752	2,700
Derivative assets	79	219	165
Other current deposits	764	1,062	1,208
Cash and cash equivalents *	3,253	1,949	3,137
	25,243	19,740	21,577
TOTAL ASSETS	57,401	50,689	52,549
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Owners of the parent	22,676	19,483	20,398
Non-controlling interests	115	104	102
	22,791	19,587	20,500
Non-current liabilities			
Liabilities to credit institutions etc.	8,550	10,785	11,092
Provisions for pensions and similar commitments	2,309	2,178	2,297
Provision for deferred tax	1,891	2,383	2,100
Other non-current liabilities	698	644	677
	13,448	15,990	16,166
Current liabilities			
Liabilities to credit institutions etc.	3,301	1,425	1,404
Accounts payable	3,174	2,696	2,964
Advances from customers	5,196	3,369	3,537
Other provisions	2,193	2,247	2,024
Other liabilities	7,056	5,278	5,783
Derivative liabilities	242	97	171
	21,162	15,112	15,883
Total liabilities	34,610	31,102	32,049
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	57,401	50,689	52,549

* 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	September 30		December 31
SEK millions	level	2018	2017	2017
Financial assets				
Other non-current securities	1 and 2	5	3	4
Bonds and other securities	1	385	510	542
Derivative assets	2	95	251	189
Financial liabilities				
Derivative liabilities	2	258	103	187

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

Consolidated	Borrowings and net debt		
	September 30		December 31
SEK millions	2018	2017	2017
Credit institutions	229	198	142
Swedish Export Credit	2,233	2,061	2,106
European Investment Bank	1,183	2,342	2,411
Corporate bonds	8,206	7,609	7,837
Capitalised financial leases	39	52	49
Interest-bearing pension liabilities	0	0	0
Total debt	11,890	12,262	12,545
Cash and cash equivalents and current deposits	-4,017	-3,011	-4,345
Net debt *	7,873	9,251	8,200

* Alternative performance measure.

Alfa Laval has a senior credit facility of EUR 400 million and USD 544 million, corresponding to SEK 8,929 million with a banking syndicate. The facility was not utilised at September 30, 2018. The facility matures in June 2021.

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 2021 as well as a loan of USD 136 million that matures in June 2020.

The loan from the European Investment Bank of EUR 115 million matures in June 2021. One loan of EUR 130 million that matured was repaid on March 29, 2018.

The commercial paper programme of SEK 2,000 million was not utilised at September 30, 2018.

CHANGES IN CONSOLIDATED EQUITY

SEK millions	First nine months		Full year
	2018	2017	2017
At the beginning of the period*	20,486	20,276	20,276
Changes attributable to:			
Owners of the parent			
Comprehensive income			
Comprehensive income for the period	4,075	1,154	2,069
Transactions with shareholders			
Increase of ownership in subsidiaries with non-controlling interests	-	-47	-47
Dividends	-1,783	-1,783	-1,783
	-1,783	-1,830	-1,830
Subtotal	2,292	-676	239
Non-controlling interests			
Comprehensive income			
Comprehensive income for the period	13	3	10
Transactions with shareholders			
Decrease of non-controlling interests	-	-11	-11
Dividends	-	-5	-14
	-	-16	-25
Subtotal	13	-13	-15
At the end of the period	22,791	19,587	20,500

* The opening equity for 2018 has been adjusted with SEK -14 million due to IFRS 15.

Acquisitions and divestments of businesses

The sale of the Alonte based commercial tubular heat exchanger business in the Greenhouse division to the BITZER Group was closed on May 1, 2018.

The sale of the heat exchanger systems business in the Greenhouse division to the NIBE Group was closed on May 31, 2018.

The divestments have resulted in a total gain of SEK 29 million that is reported as a comparison distortion item.

Parent company

The parent company's result after financial items for the first nine months 2018 was SEK 650 (1,084) million, out of which dividends from subsidiaries SEK 668 (1,094) million, net interests SEK -0 (0) million, realised and unrealised exchange rate gains and losses SEK 1 (-0) million,

costs related to the listing SEK -4 (-3) million, fees to the Board SEK -7 (-5) million, cost for annual report and annual general meeting SEK -2 (-2) million and other operating income and operating costs the remaining SEK -6 (0) million.

PARENT COMPANY INCOME *

SEK millions	Third quarter		First nine months		Full year
	2018	2017	2018	2017	2017
Administration costs	-4	-1	-13	-10	-14
Other operating income	0	-1	0	0	0
Other operating costs	-4	0	-6	0	-7
Operating income	-8	-2	-19	-10	-21
Revenues from interests in group companies	-	-	668	1,094	1,094
Interest income and similar result items	0	0	1	1	2
Interest expenses and similar result items	0	0	0	-1	-2
Result after financial items	-8	-2	650	1,084	1,073
Change of tax allocation reserve	-	-	-	-	-251
Group contributions	-	-	-	-	1,439
Result before tax	-8	-2	650	1,084	2,261
Tax on this year's result	2	1	4	2	-258
Net income for the period	-6	-1	654	1,086	2,003

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

PARENT COMPANY FINANCIAL POSITION

SEK millions	September 30		December 31
	2018	2017	2017
ASSETS			
Non-current assets			
Shares in group companies	4,669	4,669	4,669
Current assets			
Receivables on group companies	7,397	7,491	8,891
Other receivables	289	150	3
Cash and cash equivalents	-	-	-
	7,686	7,641	8,894
TOTAL ASSETS	12,355	12,310	13,563
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Restricted equity	2,387	2,387	2,387
Unrestricted equity	8,288	8,500	9,417
	10,675	10,887	11,804
Untaxed reserves			
Tax allocation reserves, taxation 2012-2018	1,660	1,409	1,660
Current liabilities			
Liabilities to group companies	19	13	38
Accounts payable	1	1	0
Tax liabilities	-	-	61
Other liabilities	0	0	-
	20	14	99
TOTAL EQUITY AND LIABILITIES	12,355	12,310	13,563

Owners and shares

Owners and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 33,629 (33,023) shareholders on September 30, 2018. The largest owner is Tetra Laval B.V., the Netherlands, who owns 29.1 (29.1) percent. Next to the largest owner, there are nine institutional investors with ownership in the range of 5.1 to 0.6 percent. These ten largest shareholders owned 47.5 (48.1) percent of the shares.

Nomination Committee for the Annual General Meeting 2019

In accordance with a resolution taken at the Annual General Meeting of Alfa Laval AB on April 23, 2018, the Chairman of the Board, Anders Narvinger, has contacted the largest shareholders to constitute the Nomination Committee in preparation of the Annual General Meeting 2019. The following persons have accepted to form the

Nomination Committee: Jörn Rausing, Tetra Laval; Ramsay Brufer, Alecta Pensionsförsäkring; Jan Andersson, Swedbank Robur Fonder; Vegard Torsnes, Norges Bank Investment Management and Lars-Åke Bokenberger, AMF-Försäkring och Fonder.

The Annual General Meeting of Alfa Laval AB will be held at Scandic Star Lund, Glimmervägen 5, Lund, Sweden, on Wednesday April 24, 2019, 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 2017 is still correct.

Asbestos-related lawsuits

The Alfa Laval Group was as of September 30, 2018 named as a co-defendant in a total of 838 asbestos-related lawsuits with a total of approximately 838 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 2018 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. In the report, alternative performance measures are used. See the annual report 2017 for definitions. Alfa Laval follows the Guidelines on Alternative Performance Measures issued by ESMA (European Securities and Markets Authority).

IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers are applied from January 1, 2018. Alfa Laval applies them retrospectively with the cumulative effect of initially applying them recognised as an adjustment to the opening balance of unrestricted equity at January 1, 2018. The opening order backlog has also been adjusted as per January 1, 2018. The retrospective application only applies to financial instruments and risks for credit losses that existed at January 1, 2018 and contracts with customers that were not completed contracts at January 1, 2018. The effect of the initial application was reported in the Annual Report for 2017 and meant an adjustment of the opening equity of SEK -14 million and an adjustment of the opening order backlog of SEK +74 million.

Alfa Laval is preparing for the application of IFRS 16 Leases from January 1, 2019 and is thereby mapping the consequences in more detail. More information will be available in the fourth quarter and full year report for 2018.

"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, 2017 to September 30, 2018. "The corresponding period last year" refers to the third quarter 2017 or the first nine months 2017 depending on the context. "Previous quarter" refers to the second quarter 2018.

"Currency effects" only relate to translation effects, whereas "foreign exchange effects" also relate to transactional effects.

Comparison distortion items are reported in the comprehensive income statement on each concerned line but are specified on page 7.

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 report

The fourth quarter and full year 2018 report will be published on February 5, 2019.

Alfa Laval will publish interim reports during 2019 at the following dates:

Interim report for the first quarter	April 24
Interim report for the second quarter	July 17
Interim report for the third quarter	October 24

Impact of IFRS 15 during 2018

The impact on the different lines in the financial statements of IFRS 15 compared to the old rules under IAS 11 and IAS 18 can be summarised as follows:

Consolidated	Effect of IFRS 15	
	First nine months/September 30 2018	
SEK millions		
Order backlog		74
Comprehensive income		
Net sales		0
Cost of goods sold		0
Gross profit		0
Operating income		0
Result after financial items		0
Taxes		0
Net income for the period		0
Other comprehensive income		-3
Comprehensive income for the period		-3
Financial position		
Assets		
Inventories		-4
Other receivables		2
Total		-2
Shareholders' equity and liabilities		
Other liabilities		15
Equity		
Opening equity adjustment		-14
Comprehensive income for the period		-3
		-17
Total		-2

The result down to net income has been affected by offsetting items that net down to a zero impact.

The interim report has been issued at CET 7.30 on October 25, 2018 by the President and Chief Executive Officer Tom Erixon by proxy from the Board of Directors.

Lund, October 25, 2018,

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

Review report

Introduction

We have reviewed the summary interim financial information (the interim report) of Alfa Laval AB (publ) as of September 30, 2018 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 International Standard on Review Engagements ISRE 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.

Other matters

The review of the condensed interim report for September 30, 2017 was performed by another auditor who submitted a review report dated October 25, 2017 with an unmodified conclusion.

Lund, October 25, 2018,

Staffan Landén
Authorised Public
Accountant

Karoline Tedevall
Authorised Public
Accountant