



Q3 2019

Advancing better™

Strong sales and profit in Q3

- Both sales and operating income reached record levels, driven by strong performance in all divisions.
- Order intake decreased somewhat, but with continued high demand in most end markets.
- Continued strong service order growth, plus 14 percent in the quarter.
- Continued high pace in the product launch programme, R&D increased 17 percent.
- EPS increased by 34 percent.

Outlook for the fourth quarter

"We expect demand in the fourth quarter to be somewhat higher than in the third quarter."

Earlier published outlook (July 17, 2019):
"We expect demand in the third quarter to be somewhat higher than in the second quarter."

The Q3 2019 report has been reviewed by the company's auditors, see page 25 for the review report.

Summary

SEK millions	Q3				Jan-Sep			
	2019	2018	%	% *	2019	2018	%	% *
Order intake	10,728	11,357	-6	-10	32,966	33,444	-1	-6
Net sales	12,056	10,131	19	15	33,553	29,457	14	10
Adjusted EBITA **	2,141	1,736	23		5,739	4,931	16	
- adjusted EBITA margin (%) **	17.8	17.1			17.1	16.7		
Result after financial items	1,907	1,458	31		5,361	4,426	21	
Net income for the period	1,447	1,074	35		4,084	3,240	26	
Earnings per share (SEK)	3.43	2.56	34		9.69	7.70	26	
Cash flow from operating activities	1,247	1,350	-8		2,831	3,393	-17	
Impact on adjusted EBITA of foreign exchange effects	85	50			275	5		
Impact on result after financial items of comparison distortion items	-5	39			191	137		
Return on capital employed (%) **					22.5	22.1		
Net debt to EBITDA, times **/**					1.13	1.08		

* Excluding currency effects. ** Alternative performance measures.

*** Net debt to EBITDA for Jan-Sep 2019 excluding IFRS 16 impact: 0.82.



Comment from

Tom Erixon

President and CEO

"Demand in most of Alfa Laval's end markets continued on a high level during the quarter and order intake increased somewhat compared to the previous quarter. The service business grew at a good pace, especially in the Marine Division. A combination of service demand and positive effects from the ongoing service programs resulted in a 14 percent increase in service orders compared to the same quarter last year.

Invoicing reached a new record level on the back of a strong order book from the last 18 months. All divisions contributed to the positive development and compared to the same quarter last year invoicing increased by 19 percent and amounted to SEK 12.1 billion.

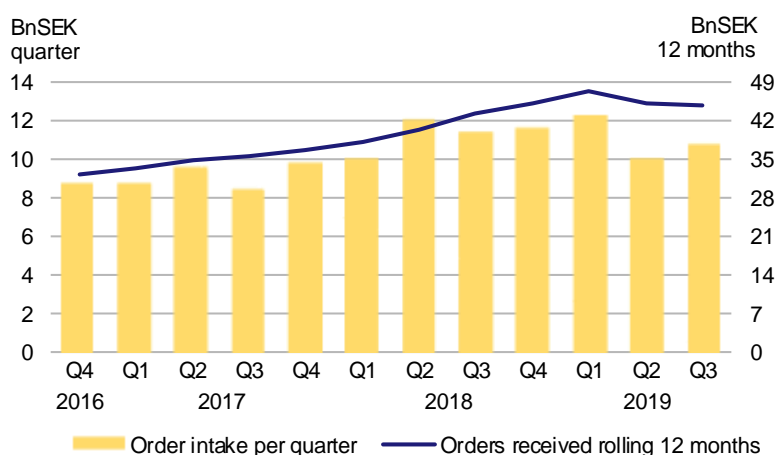
The strong growth in invoicing and a good product mix in capital sales supported the improvement of the operating margin to 17.8 percent. R&D costs increased in the quarter connected to the ongoing product innovation program. Introductions of new products will continue on a high level in the coming years. Should the expected economic slowdown impact Alfa Laval's end markets in the next year and beyond, the group will be able to respond from a strong competitive position.

Despite the geopolitical uncertainty, Alfa Laval's end markets are expected to basically remain positive during the fourth quarter and demand is expected to increase somewhat compared to the third quarter."

Tom Erixon,
President and CEO

Financial overview

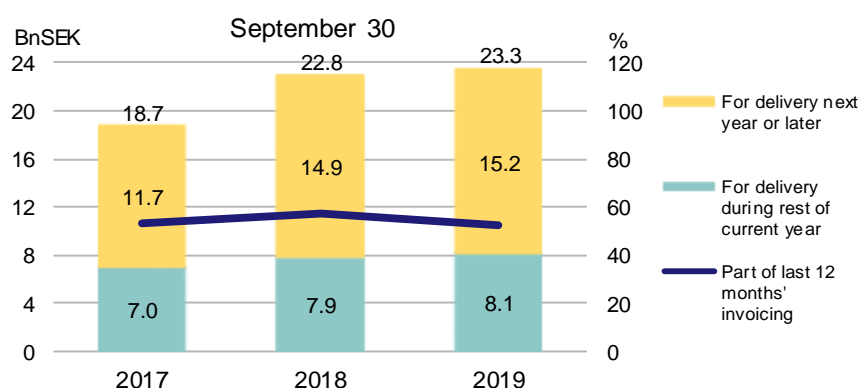
Order intake



Orders received was SEK 10,728 (11,357) million in the third quarter and SEK 32,966 (33,444) million in the first nine months 2019. The figures for the first nine months 2019 have been affected by the transfer of the order backlog for air heat exchangers to LU-VE on May 1, 2019, which is reported as negative orders received with SEK -330 million.

Orders received from Service constituted 30.4 (25.2) percent of the Group's total orders received during the third quarter and 28.9 (25.9) percent during the first nine months 2019.

Order backlog



Excluding currency effects and adjusted for acquisition and divestment of businesses the order backlog was 0.4 percent larger than the order backlog at September 30, 2018 and 1.7 percent lower than the order backlog at the end of 2018.

Net sales

Net invoicing was SEK 12,056 (10,131) million for the third quarter and SEK 33,553 (29,457) million for the first nine months 2019.

Net invoicing relating to Service constituted 25.4 (27.6) percent of the Group's total net invoicing in the third quarter and 26.7 (28.5) percent in the first nine months 2019.

- Structure: acquisition/divestment of businesses.
- Organic: change excluding acquisition/divestment of businesses.
- Service: Parts and service.

Order bridge

SEK millions/%	Q3	Jan-Sep
2018	11,357	33,444
Organic ¹⁾	-8.2%	-3.3%
Structural ¹⁾	-1.5%	-2.2%
Currency	4.2%	4.1%
Total	-5.5%	-1.4%
2019	10,728	32,966

1) Change excluding currency effects

Order bridge Service

SEK millions/%	Q3	Jan-Sep
2018	2,857	8,666
Organic ¹⁾	9.3%	5.5%
Structural ¹⁾	-0.4%	-0.3%
Currency	5.4%	4.9%
Total	14.3%	10.1%
2019	3,266	9,543

1) Change excluding currency effects

Sales bridge

SEK millions/%	Q3	Jan-Sep
2018	10,131	29,457
Organic ¹⁾	17.5%	11.5%
Structural ¹⁾	-3.0%	-2.0%
Currency	4.5%	4.4%
Total	19.0%	13.9%
2019	12,056	33,553

1) Change excluding currency effects

Sales bridge Service

SEK millions/%	Q3	Jan-Sep
2018	2,797	8,400
Organic ¹⁾	5.2%	2.5%
Structural ¹⁾	-0.3%	-0.2%
Currency	5.6%	4.9%
Total	10.5%	7.2%
2019	3,090	9,004

1) Change excluding currency effects

Income analysis

	Q3		Jan-Sep		Jan-Dec	Last 12
SEK millions	2019	2018	2019	2018	2018	months
Net sales	12,056	10,131	33,553	29,457	40,666	44,762
Adjusted gross profit *	4,292	3,708	12,223	10,802	14,774	16,195
- adjusted gross margin (%) *	35.6	36.6	36.4	36.7	36.3	36.2
Expenses **	-1,923	-1,816	-5,801	-5,401	-7,430	-7,830
- in % of net sales	16.0	17.9	17.3	18.3	18.3	17.5
Adjusted EBITDA *	2,369	1,892	6,422	5,401	7,344	8,365
- adjusted EBITDA margin (%) *	19.6	18.7	19.1	18.3	18.1	18.7
Depreciation	-228	-156	-683	-470	-626	-839
Adjusted EBITA *	2,141	1,736	5,739	4,931	6,718	7,526
- adjusted EBITA margin (%) *	17.8	17.1	17.1	16.7	16.5	16.8
Amortisation of step-up values	-254	-265	-769	-785	-1,038	-1,022
Comparison distortion items	-5	39	191	137	151	205
Operating income	1,882	1,510	5,161	4,283	5,831	6,709

The gross profit has been affected positively by a higher sales volume and by currency effects.

Sales and administration expenses were SEK 1,676 (1,570) million during the third quarter and SEK 5,117 (4,772) million during the first nine months 2019. Excluding currency effects and acquisition/divestment of businesses, sales and administration expenses have increased by 5.1 percent during the first nine months 2019 compared to the corresponding period last year, which corresponded to 15.3 (16.2) percent of net sales.

The costs for research and development during the first nine months 2019 corresponded to 2.4 (2.4) percent of net sales. Excluding currency effects and acquisition/divestment of businesses, the costs for research and development have increased by 17.3 percent during the third quarter and by 14.0 percent during the first nine months 2019 compared to the corresponding periods last year. The increase is explained by the investment in product development.

Earnings per share, excluding amortisation of step-up values and the corresponding tax*, was SEK 11.18 (9.21) for the first nine months 2019.

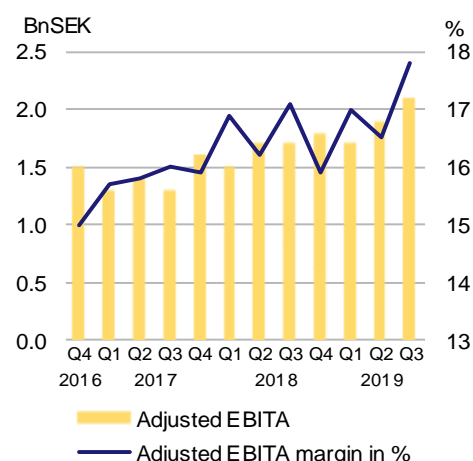
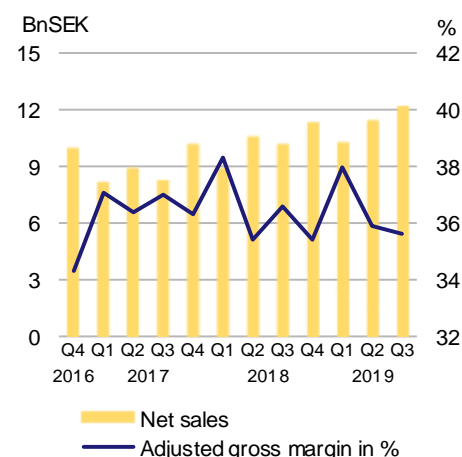
Comparison distortion items

Other operating income has been affected by comparison distortion items of SEK -5 (39) million in the third quarter and SEK 191 (137) million during the first nine months 2019.

The comparison distortion income in the first nine months 2019 is relating to a realised gain of SEK 191 million for the divestments of part of the air heat exchanger business related to commercial/industrial air heat exchangers in the Greenhouse division to the LU-VE Group.

The comparison distortion income in the first nine months 2018 was relating to:

- the sale of a property in Lima in Peru with a realised gain of SEK 70 million,
- a realised gain of SEK 29 million for the divestments of the Alonte based commercial tubular heat exchanger business and the heat exchanger systems business and
- a purchase price reduction of SEK 38 million based on a court decision in a litigation against the former owners of Ashbrook Simon-Hartley. The acquisition of Ashbrook Simon-Hartley took place in 2012.



Consolidated financial net and taxes

The financial net for the first nine months 2019 was SEK -140 (-54) 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 (-3) million, interest on the bilateral term loans of SEK -37 (-32) million, interest on the corporate bonds of SEK -66 (-62) million, interest on the commercial papers of SEK - (0) million and a net of dividends, changes in fair value and other interest income and interest costs of SEK -34 (43) million. The net of realised and unrealised exchange rate differences was SEK 340 (197) million.

The tax on the result after financial items was SEK -460 (-384) million in the third quarter and SEK -1,277 (-1,186) million in the first nine months 2019.

Cash flow

During the first nine months 2019 cash flows from operating and investing activities were SEK 2,308 (2,628) million. The decreased cash flow is due to an increase in working capital with SEK 2,317 (730) million, which however to a large extent has been compensated by the otherwise strong cash flow from operating activities and the divestment to LU-VE. The working capital has been impacted by an inventory increase mainly driven by the substantially increased business within marine environmental products. Normally such an inventory build-up is to a large extent offset by increasing customer advances, but the decreased order intake for PureSOx during the second and third quarter has meant a lower share of customer advances.

Depreciation, excluding allocated step-up values, was SEK 683 (470) million during the first nine months 2019. The increase is partly explained by depreciation of right-of-use assets that started with the implementation of IFRS 16 Leases.

Acquisition of businesses during the first nine months 2019 with SEK -61 (-) million is relating to the acquisition of Airec.

Divestment of businesses during the first nine months 2019 amounted to SEK 374 (77) million. The figure for 2019 is relating to the sale of part of the air heat exchanger business related to commercial/industrial air heat exchangers to the LU-VE Group. The figure for 2018 was 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.

Key figures

	Sep 30		Dec 31
	2019	2018	2018
Return on capital employed (%) ¹⁾	22.5	22.1	22.4
Return on equity (%) ²⁾	21.7	20.0	20.3
Solidity (%) ³⁾	40.4	39.7	40.6
Net debt to EBITDA, times ⁴⁾	1.13	1.08	0.93
Debt ratio, times ⁴⁾	0.36	0.35	0.30
Number of employees ⁵⁾	17,568	17,015	17,228

1) Alternative performance measure.

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

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

4) Alternative performance measures. Lease liabilities have increased by SEK 2,766 million as per January 1, 2019 due to the initial application of IFRS 16 Leases, which affects the net debt at September 30, 2019. Excluding this effect, the net debt to EBITDA would instead have been 0.82 and the debt ratio 0.26.

5) At the end of the period.

Energy Division

The division targets customers in oil and gas extraction, oil and gas processing and transport, refinery, petrochemicals and power generation, but also construction related applications such as heating, ventilation and cooling and in the mining and metal industries and lighter industries.

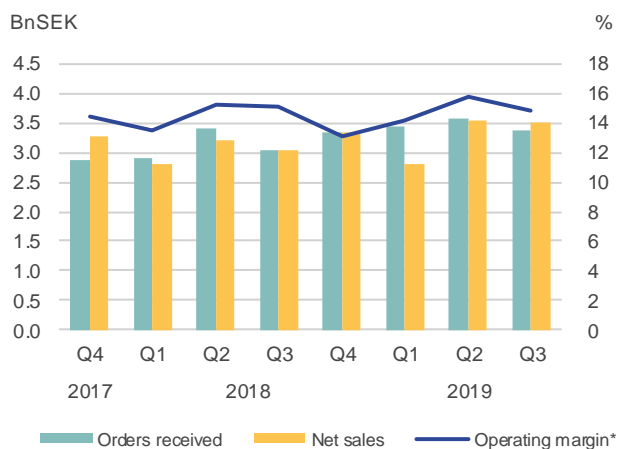
Focus is increased energy efficiency and sustainable solutions.

- Order intake grew by 10 percent.
- Strong demand in HVAC and refrigeration driven by transformation into natural refrigerants and energy efficiency solutions.
- Demand from customers in refining boosted order intake. Base business continued at a high level in petrochemicals.
- Increased sales volumes lifted operating income.

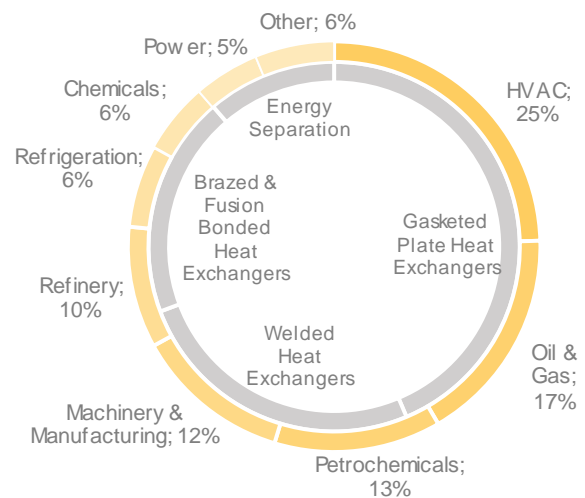
SEK millions	Q3		Jan-Sep		Jan-Dec	Last 12
	2019	2018	2019	2018	2018	months
Orders received	3,355	3,039	10,369	9,355	12,685	13,699
Order backlog*	5,564	4,852	5,564	4,852	4,857	5,564
Net sales	3,515	3,043	9,853	9,070	12,413	13,196
Operating income**	519	461	1,476	1,332	1,770	1,914
Operating margin***	14.8%	15.1%	15.0%	14.7%	14.3%	14.5%
Depreciation and amortisation	81	77	245	230	304	319
Investments****	25	13	72	35	83	120
Assets*	11,437	10,481	11,437	10,481	10,362	11,437
Liabilities*	4,508	4,239	4,508	4,239	4,323	4,508
Number of employees*	2,960	3,146	2,960	3,146	3,112	2,960

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

Quarterly development



Order intake Jan-Sep 2019 split per end market/business unit





Order intake*

The Energy Division's overall order volumes grew compared to the third quarter last year.

The growth comes from the HVAC and refrigeration industries driven by investments in district energy, conversion to natural refrigerants and higher demand for energy efficient solutions. Demand for products that go into general manufacturing industry was weaker during the third quarter, mainly coming from a lower order intake from customers in the semi-conductor industry. Within the heavy process industry, the order intake from refineries was one of the best quarters in recent years, with significant growth compared to the same quarter last year and driven by investments in Asia. Order intake from customers in oil & gas declined compared to last year, partly due to bottlenecks in infrastructure in the North American gas market. The underlying base business** in the petrochemical industry remains at a high level, but total order intake was lower due to the lack of large orders.

Service order intake was on the same level as last year with a strong base business.

Net sales

Net invoicing was up versus the third quarter last year, following high order intake over the past 12 months.

Operating income

The increase in net invoicing meant a positive volume effect. The mix was negative, driven by a higher share of revenue recognition for projects relative to component sales and service. Overhead cost was slightly higher reflecting inflation and high activity level. Currency effects had an overall positive impact on the result.

Order bridge

SEK millions/%	Q3	Jan-Sep
2018	3,039	9,355
Organic ¹⁾	4.7%	5.7%
Structural ¹⁾	0.1%	0.1%
Currency	5.6%	5.0%
Total	10.4%	10.8%
2019	3,355	10,369

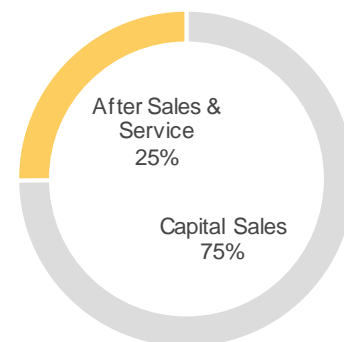
1) Change excluding currency effects

Sales bridge

SEK millions/%	Q3	Jan-Sep
2018	3,043	9,070
Organic ¹⁾	10.4%	3.6%
Structural ¹⁾	0.1%	0.1%
Currency	5.0%	4.9%
Total	15.5%	8.6%
2019	3,515	9,853

1) Change excluding currency effects

Order intake Jan-Sep 2019 split on:



Income bridge

SEK millions	Q3	Jan-Sep
Operating income 2018	461	1,332
Volume ¹⁾	106	111
Mix ¹⁾	-44	101
Costs ¹⁾	-22	-115
Currency	18	47
Operating income 2019	519	1,476

1) Change excluding currency effects

* 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

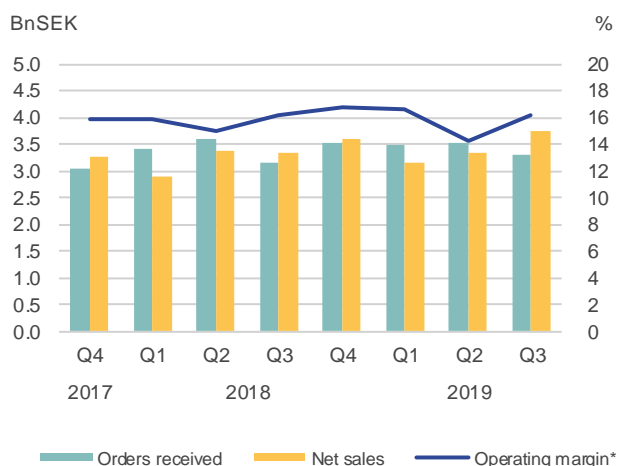
The division offers different types of products for heat transfer, separation and hygienic fluid handling and targets customers in food, pharmaceuticals, biotech, vegetable oils, brewery, dairy and body care products. In addition, the division focuses on public and industrial water treatment as well as wastewater and waste treatment.

- Order intake increased by 5 percent.
- Strong growth in pharma & biotech and waste & water sectors as activity levels in Asia were high.
- Good growth in service business in the quarter.
- Higher operating income driven by increased sales volumes.

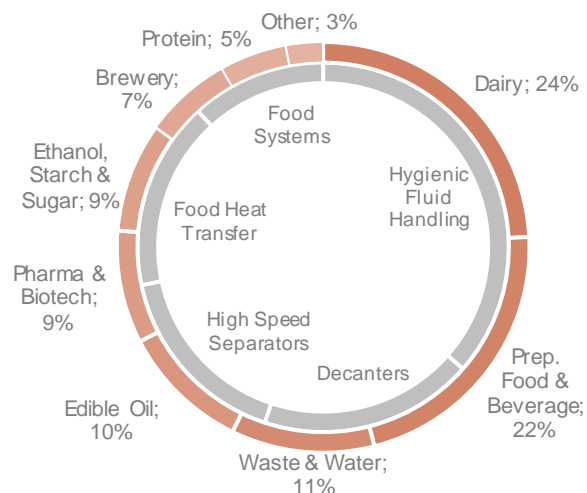
SEK millions	Q3		Jan-Sep		Jan-Dec	Last 12
	2019	2018	2019	2018	2018	months
Orders received	3,306	3,151	10,306	10,151	13,691	13,846
Order backlog*	5,110	4,917	5,110	4,917	4,860	5,110
Net sales	3,763	3,336	10,251	9,606	13,210	13,855
Operating income**	607	542	1,604	1,503	2,110	2,211
Operating margin***	16.1%	16.2%	15.6%	15.6%	16.0%	16.0%
Depreciation and amortisation	52	38	166	110	145	201
Investments****	24	23	78	76	132	134
Assets*	11,135	9,465	11,135	9,465	9,675	11,135
Liabilities*	4,876	4,543	4,876	4,543	4,612	4,876
Number of employees*	4,387	4,184	4,387	4,184	4,194	4,387

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

Quarterly development



Order intake Jan-Sep 2019 split per end market/business unit





Order intake*

Excluding currency effects, the division's order intake was unchanged in the third quarter compared to the corresponding quarter last year. The aftermarket showed good growth and so did the base business in general, but a slightly lower share of mid-sized orders was noted. Geographically, North America had good growth, a pattern also seen in Asia, particularly South East Asia whereas European markets came in slightly lower.

The pharma and biotech market showed strong growth where a continued positive industry sentiment contributed. Order intake from the waste and water sector grew strongly in the quarter and the activity was particularly good in Asia. The order intake from the edible oil industry decreased as a result of less of mid-sized orders. Demographic trends continue to be important drivers for this industry. Order intake from dairy was unchanged, with a stable activity level and a positive sentiment prevailing in the industry. The brewery sector came in lower primarily as a result of fewer mid-sized orders. Ethanol, starch & sugar contracted slightly, where a low investment activity in ethanol was still prevailing, primarily in the Americas with commodity prices impacted by trade-war uncertainties. For the area prepared food and beverage, representing a broad range of applications, the order intake was unchanged with stable end markets.

Aftermarket demand showed growth overall and especially for service. From an end-market perspective pharma & biotech as well as edible oil had the most significant growth.

Net sales

Net sales in the quarter was well above the same quarter last year, catching up from previous order growth.

Operating income

The increase in net invoicing in the quarter gave a positive volume effect. The mix change was slightly negative due to a high capital sales share and as a consequence a somewhat lower after sales share. Foreign exchange effects gave a positive contribution in the quarter.

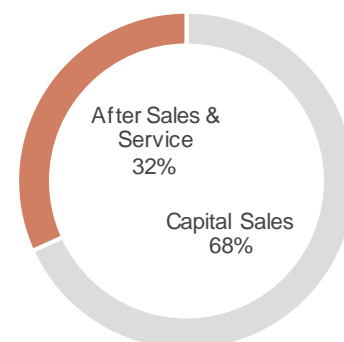
SEK millions/%	Order bridge	
	Q3	Jan-Sep
2018	3,151	10,151
Organic ¹⁾	-0.5%	-3.0%
Structural ¹⁾	-	-
Currency	5.4%	4.5%
Total	4.9%	1.5%
2019	3,306	10,306

1) Change excluding currency effects

SEK millions/%	Sales bridge	
	Q3	Jan-Sep
2018	3,336	9,606
Organic ¹⁾	7.1%	2.1%
Structural ¹⁾	-	-
Currency	5.7%	4.6%
Total	12.8%	6.7%
2019	3,763	10,251

1) Change excluding currency effects

Order intake Jan-Sep 2019 split on:



SEK millions	Income bridge	
	Q3	Jan-Sep
Operating income 2018	542	1,503
Volume ¹⁾	81	71
Mix ¹⁾	-36	13
Costs ¹⁾	-10	-49
Currency	30	66
Operating income 2019	607	1,604

1) Change excluding currency effects

* Comments excluding currency effects.

Marine Division

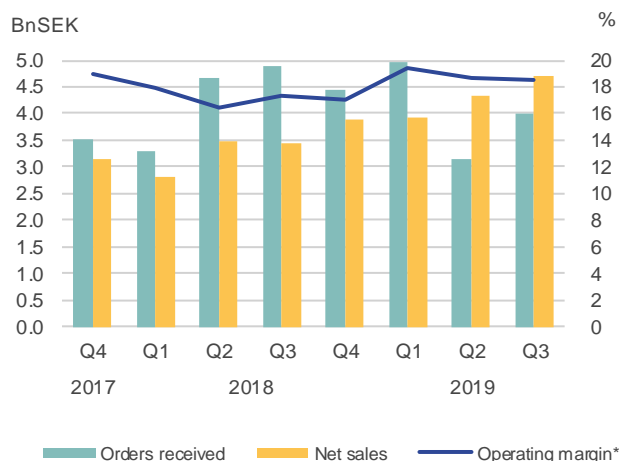
The division's customers include shipowners, shipyards, manufacturers of diesel and gas engines, as well as companies that work with offshore extraction of oil and gas. The offering includes pumping systems, boilers, heat transfer equipment, high speed separators and several different environmental products, including systems to clean ballast water and exhaust gases.

- Order intake for PureSOx showed significant decline, while remaining portfolio grew.
- Very strong demand for PureBallast systems.
- Two large orders for cargo pumping systems in offshore sector.
- Service business showed a continued strong growth.
- Improved profitability driven by significantly higher sales volumes.

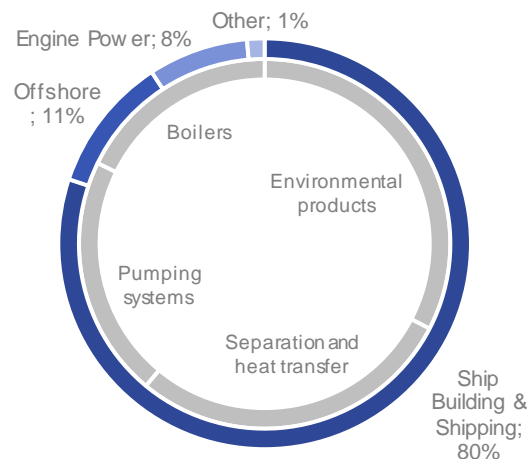
SEK millions	Q3		Jan-Sep		Jan-Dec	Last 12
	2019	2018	2019	2018	2018	months
Orders received	4,006	4,903	12,113	12,883	17,322	16,552
Order backlog*	12,607	12,529	12,607	12,529	13,118	12,607
Net sales	4,715	3,433	12,976	9,714	13,583	16,845
Operating income**	870	599	2,440	1,669	2,328	3,099
Operating margin***	18.5%	17.4%	18.8%	17.2%	17.1%	18.4%
Depreciation and amortisation	205	200	620	593	785	812
Investments****	23	25	86	61	90	115
Assets*	28,299	25,192	28,299	25,192	24,244	28,299
Liabilities*	8,756	7,018	8,756	7,018	7,168	8,756
Number of employees*	3,346	3,011	3,346	3,011	3,098	3,346

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

Quarterly development



Order intake Jan-Sep 2019 split per end market/business unit





Order intake*

Order intake for the Marine Division showed a significant decline compared to the third quarter last year due to lower demand for PureSOx.

Uncertainties in the marine industry, mainly regarding the availability and price of new fuels contributed to a generally lower demand for exhaust gas cleaning technologies. This led to a significant decrease in order intake for PureSOx compared to the third quarter last year. Demand for PureBallast was, on the other hand, substantially higher than last year, as the final enforcement of legislation for ballast water treatment took place in September. General demand for equipment tied to the building of new vessels was higher than last year, driven by an increased demand for pumping systems, boilers and freshwater generators. Offshore orders increased in the quarter versus last year as two large orders for cargo pumping systems were booked in the quarter. The underlying market sentiment is still positive. Products going into onshore engine power applications saw lower demand in a market which is characterized by irregular order intake.

Order intake for service continued the very positive development so far this year and showed significant growth compared to last year, reflecting solid demand across service scopes (spare parts, field service) as well as all product groups.

Net sales

Net sales were substantially higher than in the third quarter last year, mainly driven by deliveries of exhaust gas cleaning systems for the 2020 deadline.

Operating income

The main explanation to the increased operating income was a strong volume effect driven by higher invoicing of exhaust gas cleaning systems. There was also a small positive mix effect related to a favourable product mix in capital sales. The increase in cost was largely driven by the higher activity level within marine environmental products and increased royalty payments for PureBallast.

Order bridge

SEK millions/%	Q3	Jan-Sep
2018	4,903	12,883
Organic ¹⁾	-21.0%	-9.1%
Structural ¹⁾	-	-
Currency	2.7%	3.1%
Total	-18.3%	-6.0%
2019	4,006	12,113

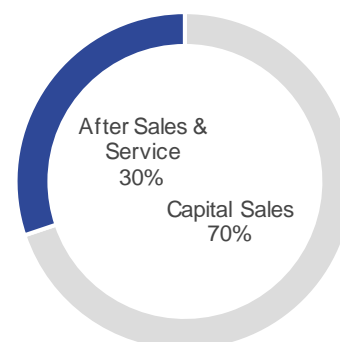
1) Change excluding currency effects

Sales bridge

SEK millions/%	Q3	Jan-Sep
2018	3,433	9,714
Organic ¹⁾	34.3%	29.6%
Structural ¹⁾	-	-
Currency	3.0%	4.0%
Total	37.3%	33.6%
2019	4,715	12,976

1) Change excluding currency effects

Order intake Jan-Sep 2019 split on:



Income bridge

SEK millions	Q3	Jan-Sep
Operating income 2018	599	1,669
Volume ¹⁾	383	962
Mix ¹⁾	6	-11
Costs ¹⁾	-134	-228
Currency	16	48
Operating income 2019	870	2,440

1) Change excluding currency effects

* Comments excluding currency effects.

Greenhouse Division

The division offers tubular heat exchangers for engine cooling mainly for leisure marine and different types of vehicles.

- After the divestment of the air heat exchanger business to LU-VE as per May 1, 2019 only a minor tubular heat exchanger business remains in the Greenhouse division.

SEK millions	Q3		Jan-Sep		Jan-Dec	Last 12
	2019	2018	2019	2018	2018	months
Orders received	45	244	113	1,023	1,259	349
Order backlog*	38	467	38	467	328	38
Net sales	45	300	413	1,043	1,418	788
Operating income**	-15	20	-37	50	80	-7
Operating margin***	-33.3%	6.7%	-9.0%	4.8%	5.6%	-0.9%
Depreciation and amortisation	2	1	9	10	14	13
Investments****	0	5	3	13	21	11
Assets*	194	795	194	795	680	194
Liabilities*	85	512	85	512	431	85
Number of employees*	97	504	97	504	502	97

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

Order intake, net sales and operating income

Order intake, net sales and operating income in the Greenhouse division were negatively affected in the third quarter by the divestment of the air heat exchanger business at the end of April, since the air heat exchangers made up the majority of Greenhouse.

Operations and Other

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

SEK millions	Q3		Jan-Sep		Jan-Dec	Last 12
	2019	2018	2019	2018	2018	months
Orders received	16	20	65	32	48	81
Order backlog*	10	8	10	8	5	10
Net sales	18	19	60	24	42	78
Operating income**	-105	-160	-495	-464	-674	-705
Depreciation and amortisation	142	105	412	312	416	516
Investments***	156	350	595	746	1,164	1,013
Assets*	8,310	6,208	8,310	6,208	6,778	8,310
Liabilities*	3,424	2,711	3,424	2,711	2,853	3,424
Number of employees*	6,778	6,170	6,778	6,170	6,322	6,778

* At the end of the period. ** In management accounts. *** Excluding new leases.

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.

Reconciliation between Divisions and Group total

SEK millions	Q3		Jan-Sep		Jan-Dec	Last 12
	2019	2018	2019	2018	2018	months
Operating income						
Total for divisions	1,876	1,462	4,988	4,090	5,614	6,512
Comparison distortion items	-5	39	191	137	151	205
Consolidation adjustments *	11	9	-18	56	66	-8
Total operating income	1,882	1,510	5,161	4,283	5,831	6,709
Financial net	25	-52	200	143	65	122
Result after financial items	1,907	1,458	5,361	4,426	5,896	6,831
Assets **						
Total for divisions	59,375	52,141	59,375	52,141	51,739	59,375
Corporate ***	6,874	5,260	6,874	5,260	6,333	6,874
Group total	66,249	57,401	66,249	57,401	58,072	66,249
Liabilities **						
Total for divisions	21,649	19,023	21,649	19,023	19,387	21,649
Corporate ***	17,836	15,587	17,836	15,587	15,086	17,836
Group total	39,485	34,610	39,485	34,610	34,473	39,485

* 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

Net sales by product/service *		Q3		Jan-Sep	Jan-Dec	Last 12
SEK millions		2019	2018	2019	2018	months
Own products within:						
Separation		1,961	1,837	5,471	5,276	7,183
Heat transfer		4,817	4,427	13,438	13,073	17,932
Fluid handling		2,550	2,438	7,814	7,009	9,511
Other		1,772	626	4,191	1,593	2,515
Associated products		387	345	1,036	1,169	1,605
Services		569	458	1,603	1,337	1,920
Total		12,056	10,131	33,553	29,457	40,666

* 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 T6-P

Alfa Laval T6-P is the latest addition to Alfa Laval's next-generation gasketed plate heat exchangers for industrial applications. Supplementing its sibling T6-B - that was launched in the 2nd quarter - the Alfa Laval T6-P opens for an even wider scope of applications and customer groups. It incorporates the new feature FlexFlow™ plate design that utilizes asymmetry to enable a more precise thermal fit. The many configurable variations will ensure highest possible efficiency for any duty. Translated into customer-value this means lower energy bills and prolonged service intervals, with a resulting lower maintenance cost. Just as the whole next-generation industrial range of plate heat exchangers, the T6-P will support all customers in their pursuit of minimizing the environmental impact of their operations.



Alfa Laval PureBallast 3 tanker solutions

Ballast water treatment is a global environmental requirement for marine vessels, where Alfa Laval PureBallast 3 is one of the leading solutions. Like other ballast water treatment systems, PureBallast 3 is usually installed in a pump room below deck. However, most medium range tankers use Framo submersible pumps in their cargo tanks and thus have no pump room on board. To meet the special needs of tankers, Alfa Laval has developed deckhouse solutions for PureBallast 3. The system is integrated into an enclosure and installed on deck, which means no space is needed within the vessel. Since this positioning may require additional pumping pressure, the deckhouse can also be equipped with a booster pump unit (BPU). The BPU, which removes the need to modify existing ballast water pumps, is validated with Framo pumps and is unique to Alfa Laval.

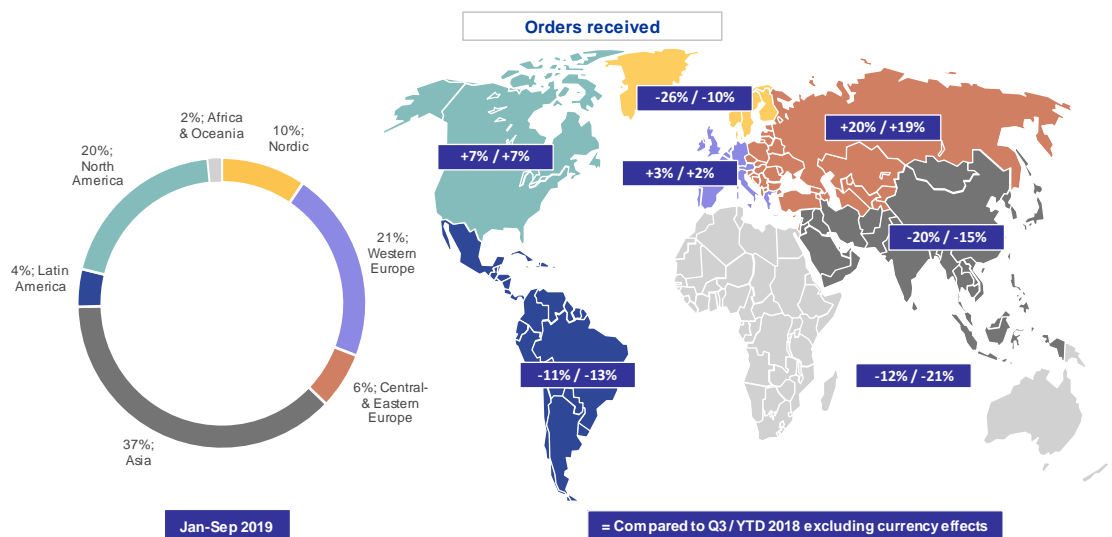


The new top of the line in beer separation

Alfa Laval has launched three new separators. Brew 450 has a new bottom-fed, fully hermetic system to capture mid-capacity market, while Brew 750 and Brew 750e are taking our best-seller to a new level, increasing the performance and reducing the energy consumption with as much as 75% (compared to traditional centrifuges) with eMotion and eDrive technologies.



Information by region



Western Europe including Nordic

The order intake in the region declined somewhat in the third quarter compared to the corresponding quarter last year. The development was impacted by both fewer mid-sized capital sales orders for Marine in Norway and Italy, as well as the negative effect of the divestment of Greenhouse operations primarily in the Nordic region. Energy and service overall had a strong quarter.

Central and Eastern Europe

The base business had a strong quarter driven by Marine in Turkey, Energy in Poland and Ukraine and Food & Water in Russia. This more than compensated for fewer mid-sized orders in the region. There were however some mid-sized orders from refineries in Russia and South East Europe. The service business is growing and especially in Food & Water and Marine.

North America

The third quarter was somewhat better than the weak third quarter last year. Marine had a generally good quarter and that applied also to capital sales in Food & Water, whereas Energy had a weak quarter. Mid-sized orders are growing across all three divisions for both capital sales and service.

Latin America

Energy had a good development for both capital sales and service, but Marine had fewer mid-sized orders, which lead to a weak quarter for the region overall. The base business was growing, with service as the major contributor to the good development.

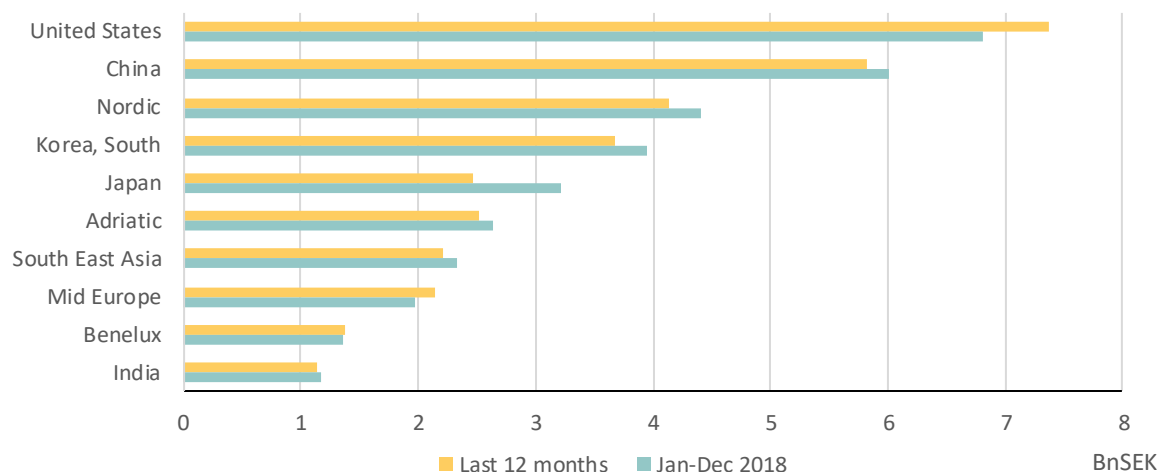
Asia

The order intake for pumping systems was higher than last year, but a very weak quarter for PureSOx resulted in a substantial decrease for the region. Service, however, showed strong growth in the quarter. From a country perspective, the biggest downturn was in South Korea, Japan and China that last year benefitted from the large order intake for PureSOx. Energy grew in China in the quarter and also India showed growth in Energy and Marine. Food & Water grew strongly in South East Asia and Middle East had a strong quarter for environmental products.

Africa and Oceania

Overall the region reported a slower quarter mainly because of the Food & Water Division. This was despite the service orders showing a broad-based and sturdy growth and the Energy Division having a good quarter.

Order intake for the 10 largest markets



Net sales

	Q3		Jan-Sep		Jan-Dec	Last 12
SEK millions	2019	2018	2019	2018	2018	months
To customers in:						
Sweden	222	212	733	665	924	992
Other EU	3,073	2,787	8,381	8,051	11,033	11,363
Other Europe	827	654	2,272	2,058	2,918	3,132
USA	1,925	1,603	5,373	4,683	6,394	7,084
Other North America	293	246	746	682	896	960
Latin America	524	432	1,454	1,335	1,835	1,954
Africa	98	110	324	332	450	442
China	1,789	1,440	4,870	3,837	5,263	6,296
South Korea	1,133	697	3,167	2,271	3,041	3,937
Other Asia	2,058	1,817	5,901	5,116	7,346	8,131
Oceania	114	133	332	427	566	471
Total	12,056	10,131	33,553	29,457	40,666	44,762

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

Non-current assets

	Sep 30		Dec 31
SEK millions	2019	2018	2018
Sweden	2,150	1,358	1,447
Denmark	5,149	4,739	4,728
Other EU	4,207	3,781	3,802
Norway	13,207	13,158	12,376
Other Europe	149	131	126
USA	4,711	3,901	3,964
Other North America	156	131	129
Latin America	311	249	259
Africa	12	7	7
Asia	3,760	3,103	3,262
Oceania	134	90	88
Subtotal	33,946	30,648	30,188
Other long-term securities	135	54	120
Pension assets	30	3	37
Deferred tax asset	1,738	1,453	1,755
Total	35,849	32,158	32,100

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.

Consolidated cash flows

SEK millions	Q3		Jan-Sep		Jan-Dec	Last 12
	2019	2018	2019	2018	2018	months
Operating activities						
Operating income	1,882	1,510	5,161	4,283	5,831	6,709
Adjustment for depreciation, amortisation and write down	482	421	1,452	1,255	1,664	1,861
Adjustment for other non-cash items	127	-53	-46	-138	-208	-116
	2,491	1,878	6,567	5,400	7,287	8,454
Taxes paid	-433	-385	-1,419	-1,277	-1,642	-1,784
	2,058	1,493	5,148	4,123	5,645	6,670
Changes in working capital:						
Increase(-)/decrease(+) of receivables	-262	-100	-230	-1,060	-1,026	-196
Increase(-)/decrease(+) of inventories	-428	-270	-2,428	-657	-895	-2,666
Increase(+)/decrease(-) of liabilities	-187	189	390	928	1,399	861
Increase(+)/decrease(-) of provisions	66	38	-49	59	-240	-348
Increase(-)/decrease(+) in working capital	-811	-143	-2,317	-730	-762	-2,349
	1,247	1,350	2,831	3,393	4,883	4,321
Investing activities						
Investments in fixed assets (Capex)	-228	-416	-834	-931	-1,490	-1,393
Divestment of fixed assets	1	1	3	89	120	34
Acquisition of businesses	-	-	-61	-	-	-61
Divestment of businesses	-5	-	369	77	77	369
	-232	-415	-523	-765	-1,293	-1,051
Financing activities						
Received interests and dividends	28	27	93	99	142	136
Paid interests	-124	-100	-242	-161	-192	-273
Realised financial exchange gains	97	40	382	240	182	324
Realised financial exchange losses	-26	-25	-50	-244	-267	-73
Dividends to owners of the parent	-	-	-2,097	-1,783	-1,783	-2,097
Dividends to non-controlling interests	-	0	-	0	0	0
Increase(-) of financial assets	728	0	-143	0	-116	-259
Decrease(+) of financial assets	5	-180	10	406	601	205
Increase of loans	0	49	3,155	692	726	3,189
Amortisation of loans	-3,258	-	-3,290	-1,738	-1,738	-3,290
	-2,550	-189	-2,182	-2,489	-2,445	-2,138
Cash flow for the period	-1,535	746	126	139	1,145	1,132
Cash and cash equivalents at the beginning of the period	6,016	2,569	4,295	3,137	3,137	3,253
Translation difference in cash and cash equivalents	38	-62	98	-23	13	134
Cash and cash equivalents at the end of the period	4,519	3,253	4,519	3,253	4,295	4,519
Free cash flow per share (SEK) *	2.42	2.23	5.50	6.27	8.56	7.80
Capex in relation to net sales	1.9%	4.1%	2.5%	3.2%	3.7%	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.

Consolidated comprehensive income

SEK millions	Q3		Jan-Sep		Jan-Dec	Last 12
	2019	2018	2019	2018	2018	months
Net sales	12,056	10,131	33,553	29,457	40,666	44,762
Cost of goods sold	-8,018	-6,688	-22,099	-19,440	-26,930	-29,589
Gross profit	4,038	3,443	11,454	10,017	13,736	15,173
Sales costs	-1,184	-1,115	-3,560	-3,331	-4,539	-4,768
Administration costs	-492	-455	-1,557	-1,441	-1,987	-2,103
Research and development costs	-267	-231	-799	-702	-1,020	-1,117
Other operating income	199	206	746	565	906	1,087
Other operating costs	-413	-345	-1,133	-845	-1,280	-1,568
Share of result in joint ventures	1	7	10	20	15	5
Operating income	1,882	1,510	5,161	4,283	5,831	6,709
Dividends and other financial income	11	5	27	16	27	38
Interest income and financial exchange rate gains	59	44	494	389	377	482
Interest expense and financial exchange rate losses	-45	-101	-321	-262	-339	-398
Result after financial items	1,907	1,458	5,361	4,426	5,896	6,831
Taxes	-460	-384	-1,277	-1,186	-1,359	-1,450
Net income for the period	1,447	1,074	4,084	3,240	4,537	5,381
Other comprehensive income: Items that will subsequently be reclassified to net income						
Cash flow hedges	-252	45	-230	-191	-505	-544
Market valuation of external shares	0	0	0	0	0	0
Translation difference	270	-607	1,323	1,007	641	957
Deferred tax on other comprehensive income	40	-6	29	10	83	102
Sum	58	-568	1,122	826	219	515
Items that will subsequently not be reclassified to net income						
Revaluations of defined benefit obligations	25	10	75	30	200	245
Deferred tax on other comprehensive income	-6	-2	-19	-8	-60	-71
Sum	19	8	56	22	140	174
Comprehensive income for the period	1,524	514	5,262	4,088	4,896	6,070
Net income attributable to:						
Owners of the parent	1,439	1,070	4,066	3,228	4,519	5,357
Non-controlling interests	8	4	18	12	18	24
Earnings per share (SEK)	3.43	2.56	9.69	7.70	10.77	12.76
Average number of shares	419,456,315	419,456,315	419,456,315	419,456,315	419,456,315	419,456,315
Comprehensive income attributable to:						
Owners of the parent	1,513	516	5,237	4,075	4,876	6,038
Non-controlling interests	11	-2	25	13	20	32

Consolidated financial position

SEK millions	Sep 30		Dec 31
	2019	2018	2018
ASSETS			
Non-current assets			
Intangible assets	25,036	25,211	24,410
Property, plant and equipment	8,868	5,421	5,732
Other non-current assets	1,945	1,526	1,958
	35,849	32,158	32,100
Current assets			
Inventories	12,038	9,160	9,253
Assets related to disposal groups held for sale	-	-	526
Accounts receivable	7,437	6,613	6,496
Other receivables	5,343	5,374	4,694
Derivative assets	257	79	91
Other current deposits	806	764	617
Cash and cash equivalents *	4,519	3,253	4,295
	30,400	25,243	25,972
TOTAL ASSETS	66,249	57,401	58,072
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Owners of the parent	26,617	22,676	23,477
Non-controlling interests	147	115	122
	26,764	22,791	23,599
Non-current liabilities			
Liabilities to credit institutions etc.	10,843	8,550	8,540
Provisions for pensions and similar commitments	2,162	2,309	2,118
Provision for deferred tax	1,665	1,891	1,945
Other non-current liabilities	818	698	788
	15,488	13,448	13,391
Current liabilities			
Liabilities related to disposal groups held for sale	-	-	351
Liabilities to credit institutions etc.	1,498	3,301	3,323
Accounts payable	3,357	3,174	3,136
Advances from customers	6,136	5,196	5,221
Other provisions	1,967	2,193	1,929
Other liabilities	10,438	7,056	6,682
Derivative liabilities	601	242	440
	23,997	21,162	21,082
Total liabilities	39,485	34,610	34,473
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	66,249	57,401	58,072

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

Financial assets and liabilities at fair value

SEK millions	Valuation hierarchy level	Sep 30		Dec 31
		2019	2018	2018
Financial assets				
Other non-current securities	1 and 2	83	5	76
Bonds and other securities	1	633	385	435
Derivative assets	2	299	95	137
Financial liabilities				
Derivative liabilities	2	747	258	563

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.

Borrowings and net debt

SEK millions	Sep 30		Dec 31
	2019	2018	2018
Credit institutions	179	229	262
Swedish Export Credit	2,404	2,233	2,246
European Investment Bank	1,231	1,183	1,180
Corporate bonds	8,527	8,206	8,175
Lease liabilities	2,677	39	34
Interest-bearing pension liabilities	0	0	0
Total debt	15,018	11,890	11,897
Cash and cash equivalents and current deposits	-5,325	-4,017	-4,912
Net debt *	9,693	7,873	6,985

* Alternative performance measure.

Lease liabilities have increased by SEK 2,766 million as per January 1, 2019 due to the initial application of IFRS 16 Leases, which affects the figures at September 30, 2019. Earlier only capitalised financial leases were reported on this line.

Alfa Laval has a senior credit facility of EUR 400 million and USD 544 million, corresponding to SEK 9,615 million with a banking syndicate. The facility was not utilised at September 30, 2019. The facility matures in June 2021.

The corporate bonds are listed on the Irish stock exchange and consist of one tranche of EUR 500 million that matures in September 2022 and a new tranche of EUR 300 million that matures in June 2024. The new tranche was raised under a new EMTN program and carries a fixed interest of 0.250 percent annually. It has been used to refinance the tranche of EUR 300 million that matured in September 2019.

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.

The commercial paper programme of SEK 2,000 million was not utilised at September 30, 2019.

Changes in consolidated equity

SEK millions	Jan-Sep		Jan-Dec
	2019	2018	2018
At the beginning of the period*	23,599	20,486	20,486
Changes attributable to:			
Owners of the parent			
Comprehensive income			
Comprehensive income for the period	5,237	4,075	4,876
Transactions with shareholders			
Dividends	-2,097	-1,783	-1,783
	-2,097	-1,783	-1,783
Subtotal	3,140	2,292	3,093
Non-controlling interests			
Comprehensive income			
Comprehensive income for the period	25	13	20
Transactions with shareholders			
Dividends	-	-	0
	-	-	0
Subtotal	25	13	20
At the end of the period	26,764	22,791	23,599

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

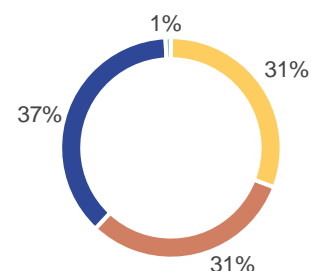
Condensed segment reporting per quarter



Orders received

	2019			2018				2017
SEK millions	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Energy	3,355	3,566	3,448	3,330	3,039	3,401	2,915	2,852
Food & Water	3,306	3,520	3,480	3,540	3,151	3,589	3,411	3,053
Marine	4,006	3,144	4,963	4,439	4,903	4,685	3,295	3,497
Greenhouse	45	-228	296	236	244	375	404	378
Operations & Other	16	23	26	16	20	12	0	0
Total	10,728	10,025	12,213	11,561	11,357	12,062	10,025	9,780

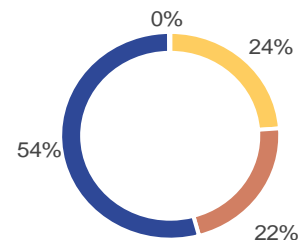
Last 12 months



Order backlog

	2019			2018				2017
SEK millions	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Energy	5,564	5,709	5,629	4,857	4,852	4,836	4,554	4,471
Food & Water	5,110	5,535	5,304	4,860	4,917	5,096	4,820	4,317
Marine	12,607	13,276	14,338	13,118	12,529	10,996	9,595	9,027
Greenhouse	38	35	381	328	467	523	520	474
Operations & Other	10	13	14	5	8	6	0	0
Total	23,329	24,568	25,666	23,168	22,773	21,457	19,489	18,289

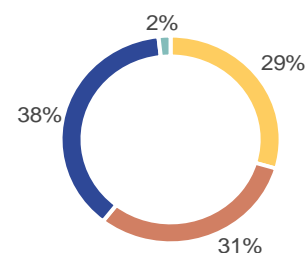
Sep 30, 2019



Net sales

	2019			2018				2017
SEK millions	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Energy	3,515	3,531	2,807	3,343	3,043	3,215	2,812	3,259
Food & Water	3,763	3,335	3,153	3,604	3,336	3,390	2,880	3,261
Marine	4,715	4,329	3,932	3,869	3,433	3,486	2,795	3,157
Greenhouse	45	120	248	375	300	379	364	435
Operations & Other	18	24	18	18	19	5	0	0
Total	12,056	11,339	10,158	11,209	10,131	10,475	8,851	10,112

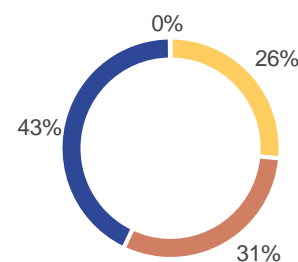
Last 12 months



Operating income*

	2019			2018				2017
SEK millions	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Energy	519	558	399	438	461	490	381	469
Food & Water	607	473	524	607	542	507	454	517
Marine	870	809	761	659	599	571	499	600
Greenhouse	-15	-15	-7	30	20	22	8	14
Operations & Other	-105	-182	-208	-210	-160	-196	-108	-230
Total	1,876	1,643	1,469	1,524	1,462	1,394	1,234	1,370

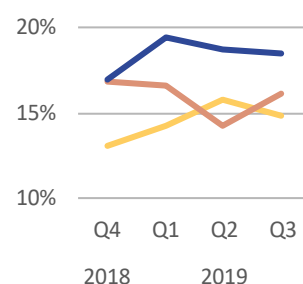
Last 12 months



Operating margin*

	2019			2018				2017
%	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Energy	14.8	15.8	14.2	13.1	15.1	15.2	13.5	14.4
Food & Water	16.1	14.2	16.6	16.8	16.2	15.0	15.8	15.9
Marine	18.5	18.7	19.4	17.0	17.4	16.4	17.9	19.0
Greenhouse	-33.3	-12.5	-2.8	8.0	6.7	5.8	2.2	3.2
Total	15.6	14.5	14.5	13.6	14.4	13.3	13.9	13.5

Per quarter



* In management accounts, see reconciliation on page 13.

Acquisitions and divestments of businesses

On December 18, 2018 Alfa Laval announced that it had signed an agreement to acquire certain technologies and activities from Airec – a Malmö, Sweden-based innovation company with patented technology for dimple asymmetry heat exchangers. The transaction was closed on January 2, 2019.

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.

On December 12, 2018 Alfa Laval announced that it had signed an agreement to sell part of its air heat exchanger business related to commercial/industrial air heat exchangers in the Greenhouse division to the LU-VE Group. The transaction was closed on May 1, 2019. This operation is during the period December 12, 2018 to April 30, 2019 reported as a disposal group held for sale according to IFRS 5. This means that all assets and liabilities relating to this operation are presented separately in the statement of financial position. The balance sheet items are measured at the lower of their book values and fair values less costs to sell, except for deferred tax items and defined benefit obligations. Since the transaction was estimated to result in a realised gain, no write down to fair value has been necessary.

Disposal groups

SEK millions	Sep 30 2019	2018	Dec 31 2018
Assets			
Property, plant and equipment	-	-	59
Inventories	-	-	166
Accounts receivable	-	-	275
Other receivables	-	-	26
Financial assets	-	-	0
Total	-	-	526
Liabilities			
Accounts payable	-	-	120
Advances from customers	-	-	44
Other liabilities	-	-	187
Financial liabilities	-	-	0
Total	-	-	351

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

Division		Order	Total per Business Unit	
Business Unit	Delivery	amount	Q3 2019	Q3 2018
Scope of supply	date		SEK millions	
Energy				
Welded Heat Exchangers				
Compact heat exchangers to a refinery and petrochemical plant in China.	2020	100		
Air cooler systems to a gas processing plant in the U.S.	2020	110	210	185
Food & Water				
Food Systems				
A process line for an edible oil plant in South East Asia.	2020	50	50	-
Marine				
Pumping Systems				
Framo cargo pumping systems for FPSO* vessels to be built in China.	2020	165	165	70
Total			425	255

* Floating Production, Storage and Offloading.

Parent company

The parent company's result after financial items for the first nine months 2019 was SEK 616 (650) million, out of which dividends from subsidiaries SEK 633 (668) million, net interests SEK 0 (-0) million, realised and unrealised exchange rate gains and losses SEK 1 (1) million, costs related to the listing SEK -4 (-4) million, fees to the Board SEK -6 (-7) million, cost for annual report and annual general meeting SEK -2 (-2) million and other operating income and operating costs the remaining SEK -6 (-6) million.

Parent company income *

SEK millions	Q3		Jan-Sep		Jan-Dec
	2019	2018	2019	2018	2018
Administration costs	-3	-4	-12	-13	-15
Other operating income	0	0	0	0	0
Other operating costs	-1	-4	-6	-6	-7
Operating income	-4	-8	-18	-19	-22
Revenues from interests in group companies	-	-	633	668	668
Interest income and similar result items	0	0	1	1	1
Interest expenses and similar result items	0	0	0	0	0
Result after financial items	-4	-8	616	650	647
Change of tax allocation reserve	-	-	-	-	-698
Group contributions	-	-	-	-	2,810
Result before tax	-4	-8	616	650	2,759
Tax on this year's result	0	2	3	4	-461
Net income for the period	-4	-6	619	654	2,298

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

Parent company financial position

SEK millions	Sep 30		Dec 31
	2019	2018	2018
ASSETS			
Non-current assets			
Shares in group companies	4,669	4,669	4,669
Current assets			
Receivables on group companies	8,262	7,397	10,111
Other receivables	288	289	5
Cash and cash equivalents	-	-	-
	8,550	7,686	10,116
TOTAL ASSETS	13,219	12,355	14,785
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Restricted equity	2,387	2,387	2,387
Unrestricted equity	8,454	8,288	9,932
	10,841	10,675	12,319
Untaxed reserves			
Tax allocation reserves, taxation 2013-2019	2,359	1,660	2,359
Current liabilities			
Liabilities to group companies	15	19	29
Accounts payable	0	1	-
Tax liabilities	-	-	76
Other liabilities	4	0	2
	19	20	107
TOTAL EQUITY AND LIABILITIES	13,219	12,355	14,785

Owners and shares

Owners and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 40,383 (33,629) shareholders on September 30, 2019. 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 6.0 to 0.5 percent. These ten largest shareholders owned 53.2 (47.5) percent of the shares.

Nomination Committee for the Annual General Meeting 2020

In accordance with a resolution taken at the Annual General Meeting of Alfa Laval AB on April 24, 2019, the Chairman of the Board, Anders Narvinger, has contacted the largest shareholders to constitute the Nomination Committee in preparation of the Annual General Meeting 2020. The following persons have accepted to form the Nomination Committee: Finn Rausing (Chairman of the Committee, Tetra Laval), Vegard Torsnes (Norges Bank Investment Management), Lars-Åke Bokenberger (AMF), Jan Andersson (Swedbank Robur fonder) and Ramsay Brufer (Alecta).

The Annual General Meeting of Alfa Laval AB will be held at Scandic Star Lund, Glimmervägen 5, Lund, Sweden, on Thursday April 23, 2020, 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 2018 is still correct.

Asbestos-related lawsuits

The Alfa Laval Group was as of September 30, 2019 named as a co-defendant in a total of 704 asbestos-related lawsuits with a total of approximately 704 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 2019 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 2018 for definitions. Alfa Laval follows the Guidelines on Alternative Performance Measures issued by ESMA (European Securities and Markets Authority).

IFRS 16 Leases is applied from January 1, 2019. Alfa Laval applies it retrospectively with the cumulative effect of initially applying it recognised as an adjustment to the opening balance of right-of-use assets, lease liabilities and unrestricted equity at January 1, 2019. The effect of the initial application was reported in the Annual Report for 2018 and meant an adjustment of the opening balances for right-of-use assets and lease liabilities by SEK +2,766 million each. For the full year 2019 the effect on operating income is expected to be SEK +43 million, on financial net SEK -60 million and on result before tax SEK -17 million.

"Q3" and "Third quarter" refer to the period July 1 to September 30. "Jan-Sep" and "First nine months" refer to the period January 1 to September 30. "Jan-Dec" and "Full year" refer to the period January 1 to December 31. "Last 12 months" refers to the period October 1, 2018 to September 30, 2019. "The corresponding period last year" refers to the third quarter 2018 or the first nine months 2018 depending on the context.

“Currency effects” only relate to translation effects, whereas “foreign exchange effects” also relate to transactional and revaluation effects. “Mix” in the operating income bridge also includes a price effect.

Comparison distortion items are reported in the comprehensive income statement on each concerned line but are specified on page 4.

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.

The interim report has been issued at CET 7.30 on October 24, 2019 by the President and Chief Executive Officer Tom Erixon by proxy from the Board of Directors.

Lund, October 24, 2019,

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, 2019 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.

Lund, October 24, 2019,

Staffan Landén
Authorised Public Accountant

Karoline Tedevall
Authorised Public Accountant

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**Date for the next financial report**

The fourth quarter and full year 2019 report will be published on February 4, 2020.

Alfa Laval will publish interim reports during 2020 at the following dates:

Interim report for the first quarter	April 23
Interim report for the second quarter	July 21
Interim report for the third quarter	October 23

This information is information that Alfa Laval AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at CET 7.30 on October 24, 2019.

