First quarter 2007

January 1 – March 31 2007:

- **Order intake** increased by 35.8 percent * to SEK 7,005 (5,481) million.
- **Net sales** increased by 33.7 percent * to SEK 5,150 (4,076) million.
- **Adjusted EBITA** was SEK 835 (525) million, including adverse foreign exchange effects of SEK 79 million.
- **Adjusted EBITA-margin** was 16.2 (12.9) percent.
- **Result after financial items** was SEK 681 (426) million.
- **Result after tax** increased to SEK 469 (333) million.
- **Earnings per share** increased to SEK 4.11 (2.90).
- **Cash flow from operating activities** was SEK 550 (392) million.

  * excluding exchange rate variations

An excellent start to 2007!

"The first quarter 2007 was excellent in many respects.

Orders received increased organically with 30 percent and reached a record level of SEK 7 billion.

The strongest customer segments were Marine & Diesel and Comfort & Refrigeration.

The acquisition of the Dutch company Helpman with sales of SEK 200 million complements our product offering for the strong European refrigeration market.

Orders received grew with 51 percent in Asia and with 45 percent in Latin America.

The operating margin in the quarter reached 16.2 percent. Our consistent focus on profitability continues to pay off."

Lars Renström, President and CEO, Alfa Laval

Outlook for the near future

"In most of the markets, geographical as well as customer segments that Alfa Laval serves, a continued very strong demand is expected."

(unchanged since the fourth quarter and full year 2005 report on February 9, 2006)

The interim report has been issued on April 23, 2007 by the President and Chief Executive Officer Lars Renström by proxy from the Board of Directors.

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

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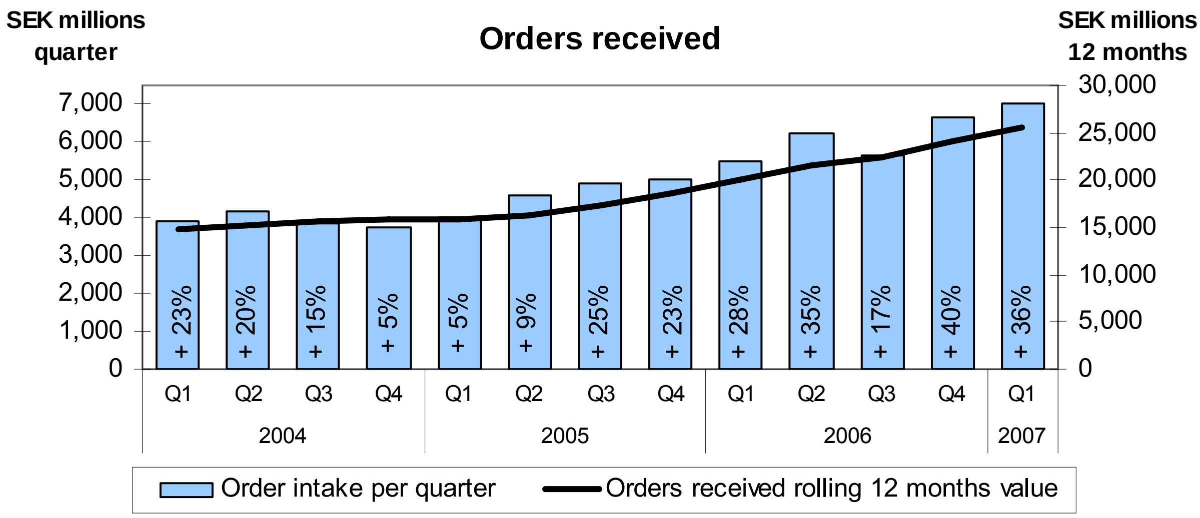
Key figures SEK millions, unless otherwise stated	**Jan 1 - Mar 31 2007**	Jan 1 - Mar 31 2006	2006	2005	2004
Order intake	7,005	5,481	24,018	18,516	15,740
Net sales	5,150	4,076	19,802	16,330	14,986
Adjusted EBITDA 1)	898	588	3,273	2,030	1,956
Adjusted EBITA 2)	835	525	3,010	1,765	1,695
Adjusted EBITA 2)- margin	16.2%	12.9%	15.2%	10.8%	11.3%
Result after financial items	681	426	2,375	1,099	1,262
Return on capital employed 3)	36.9%	24.5%	35.9%	22.7%	23.7%
Return on equity capital 3)	28.2%	21.0%	25.3%	16.0%	15.9%
Solidity	37.4%	34.6%	36.4%	35.9%	37.4%
Debt ratio, times	0.16	0.45	0.22	0.35	0.36
Cash flow from operations	550	392	2,619	1,616	1,203
Investments	54	64	373	324	388
No. of employees 4)	10,321	9,821	10,115	9,429	9,527

1-4 For definitions see page 13.

Management's discussion and analysis



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

Order analysis	**Jan 1 - Mar 31**
2006 (SEK millions)	5,481
Structural change	6%
Currency effects	-8%
Organic development	30%
Total	28%
2007 (SEK millions)	7,005

Orders received amounted to SEK 7,005 (5,481) million for the first quarter. Excluding exchange rate variations, the order intake for the Group was 35.8 percent higher than the first quarter last year. Adjusted for acquisitions and divestments of businesses [5], the corresponding figure is 30.0 percent.

Orders received from the aftermarket "Parts & Service" has continued to develop positively and increased by 17.0 percent compared to the corresponding period last year excluding exchange rate variations. Its relative share of the Group's total orders received was 19.2 (22.4) percent.

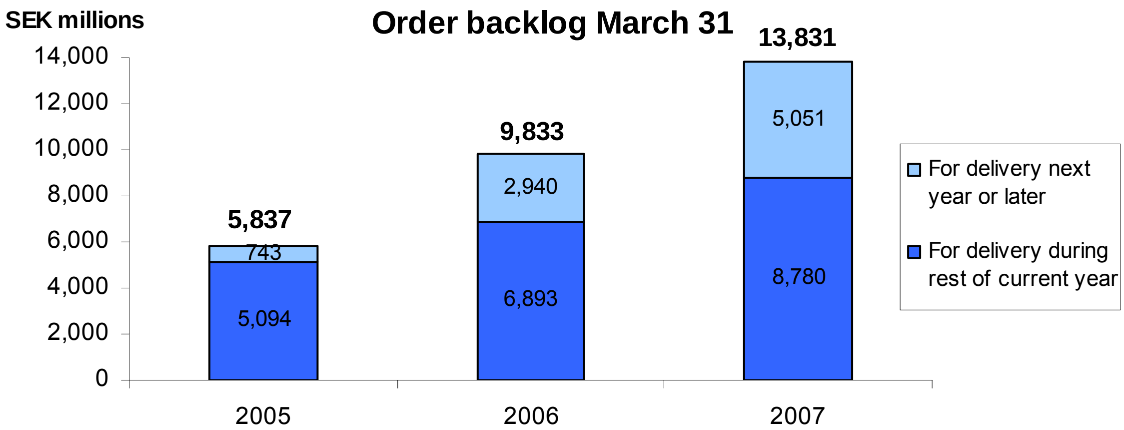
Large orders [6] in the first quarter:
During the first quarter 2007 Alfa Laval received large orders for SEK 435 (220) million:

- Order for decanter centrifuges for treatment of waste water sludge for the City of Toronto. The total value is about SEK 50 million. Delivery will take place during 2008.
- Three new orders for Alfa Laval Packinox custom-designed heat exchangers from Chinese customers. The order value is about SEK 180 million. Delivery will take place during 2008.

- Order for products for membrane separation from a Chinese company producing soy protein. The total value is about SEK 55 million. Delivery will take place during 2007.
- Some major orders from a Vietnamese shipbuilder. The total order value is approximately SEK 50 million. Delivery will take place in 2007 and 2008.
- Two orders for Alfa Laval Packinox custom-designed heat exchangers to the USA and Taiwan. The equipment will be used in continuous catalytic reforming processes to produce gasoline. The total order value is about SEK 100 million. Delivery will take place in 2008.

Order backlog

The order backlog at March 31, 2007 was SEK 13,831 (9,833) million. Excluding exchange rate variations and adjusted for acquisitions and divestments made after March 31, 2006, the order backlog was 50.0 percent higher than the order backlog at March 31, 2006 and 14.2 percent higher than the order backlog at the end of 2006.



CONSOLIDATED INCOME STATEMENT Amounts in SEK millions	**Jan 1 - Mar 31 2007**	Jan 1 - Mar 31 2006	Jan 1 - Dec 31 2006	Jan 1 - Dec 31 2005
Net sales	5,150	4,076	19,802	16,330
Cost of goods sold	-3,230	-2,573	-12,598	-10,800
Gross profit	1,920	1,503	7,204	5,530
Sales costs	-639	-612	-2,607	-2,365
Administration costs	-275	-247	-948	-994
Research and development costs	-147	-115	-526	-448
Other operating income *	53	58	281	324
Other operating costs *	-161	-143	-852	-670
Operating income	751	444	2,552	1,377
Dividends	1	1	2	5
Interest income	21	49	174	174
Interest expense *	-92	-68	-353	-457
Result after financial items	681	426	2,375	1,099
Taxes	-212	-93	-650	-171
Net income for the year	469	333	1,725	928
Attributable to:				
Equity holders of the parent	459	324	1,687	885
Minority interests	10	9	38	43
Earnings per share (SEK)	4.11	2.90	15.10	7.92
Average number of shares	111,671,993	111,671,993	111,671,993	111,671,993

* The line has been affected by comparison distortion items, see separate specification on page 5.

Excluding exchange rate variations, the invoicing was 33.7 percent higher than the first quarter last year. Adjusted for acquisitions and divestments of businesses, the corresponding figure is 29.1 percent.

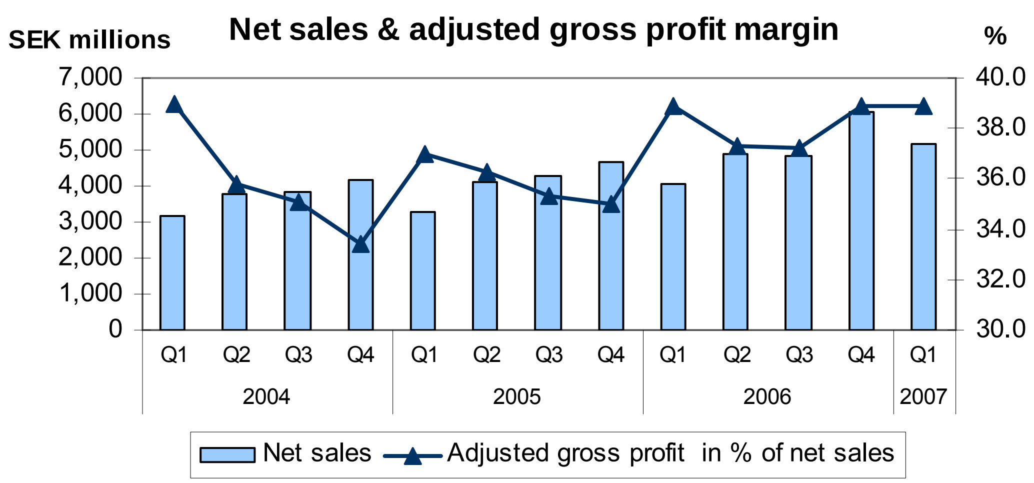
Sales and administration expenses amounted to SEK 914 (859) million. Adjusted for exchange rate variations and acquisitions and divestments of businesses, sales and administration expenses were 6.7 percent higher than last year.

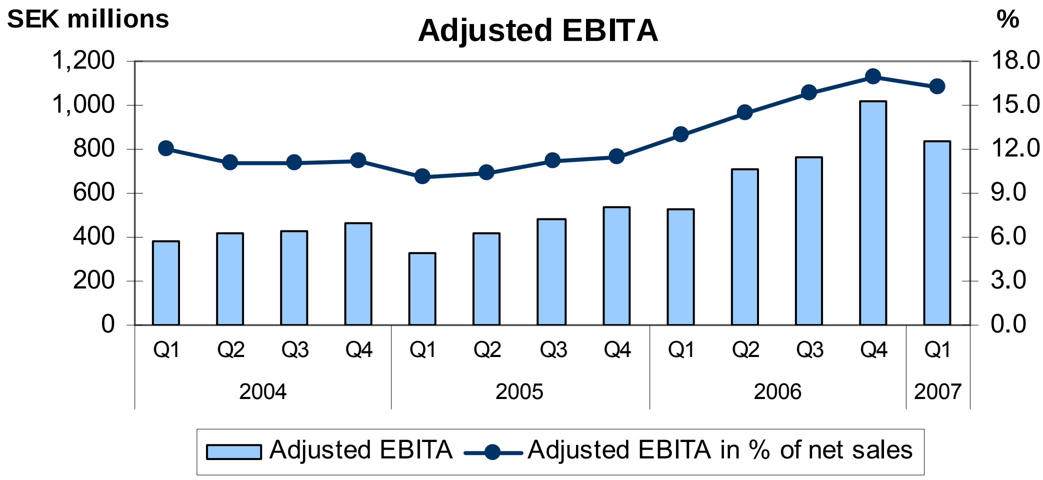
The costs for research and development have amounted to SEK 147 (115) million, corresponding to 2.9 (2.8) percent of net sales. Adjusted for exchange rate variations and acquisitions and divestments, the costs for research and development have increased by 27.4 percent compared to last year.

Income statement analysis SEK millions	**Jan 1 - Mar 31 2007**	Jan 1 - Mar 31 2006	Jan 1 - Dec 31 2006	Jan 1 - Dec 31 2005
Net sales	5,150	4,076	19,802	16,330
Adjusted gross profit *	2,004	1,585	7,542	5,845
- in % of net sales	***38.9***	***38.9***	***38.1***	***35.8***
Expenses **	-1,106	-997	-4,269	-3,815
- in % of net sales	*21.5*	*24.5*	*21.6*	*23.4*
Adjusted EBITDA	**898**	**588**	**3,273**	**2,030**
- in % of net sales	*17.4*	*14.4*	*16.5*	*12.4*
Depreciation	-63	-63	-263	-265
Adjusted EBITA	**835**	**525**	**3,010**	**1,765**
- in % of net sales	***16.2***	***12.9***	***15.2***	***10.8***
Amortisation of step up values	-84	-82	-338	-315
Comparison distortion items	-	1	-120	-73
EBIT	751	444	2,552	1,377

* Excluding amortisation of step up values. ** Excluding comparison distortion items.

The adjusted result after tax and the minority's share of the result, excluding amortisation of step-up values and the corresponding tax, is SEK 4.63 (3.40) per share.





Comparison distortion items Amounts in SEK millions	**Jan 1 - Mar 31 2007**	Jan 1 - Mar 31 2006	Jan 1 - Dec 31 2006	Jan 1 - Dec 31 2005
Operational				
Other operating income	53	57	275	272
Comparison distortion income	-	1	6	52
Total other operating income	53	58	281	324
Other operating costs	-161	-143	-726	-545
Comparison distortion costs	-	-	-126	-125
Total other operating costs	-161	-143	-852	-670
Financial				
Interest expense	-92	-68	-353	-368
Comparison distortion costs	-	-	-	-89
Total interest expense	-92	-68	-353	-457

The operating income has been affected by comparison distortion items of SEK - (1) million. In the income statement these are reported gross as a part of other operating income and other operating costs.

Consolidated financial result and taxes

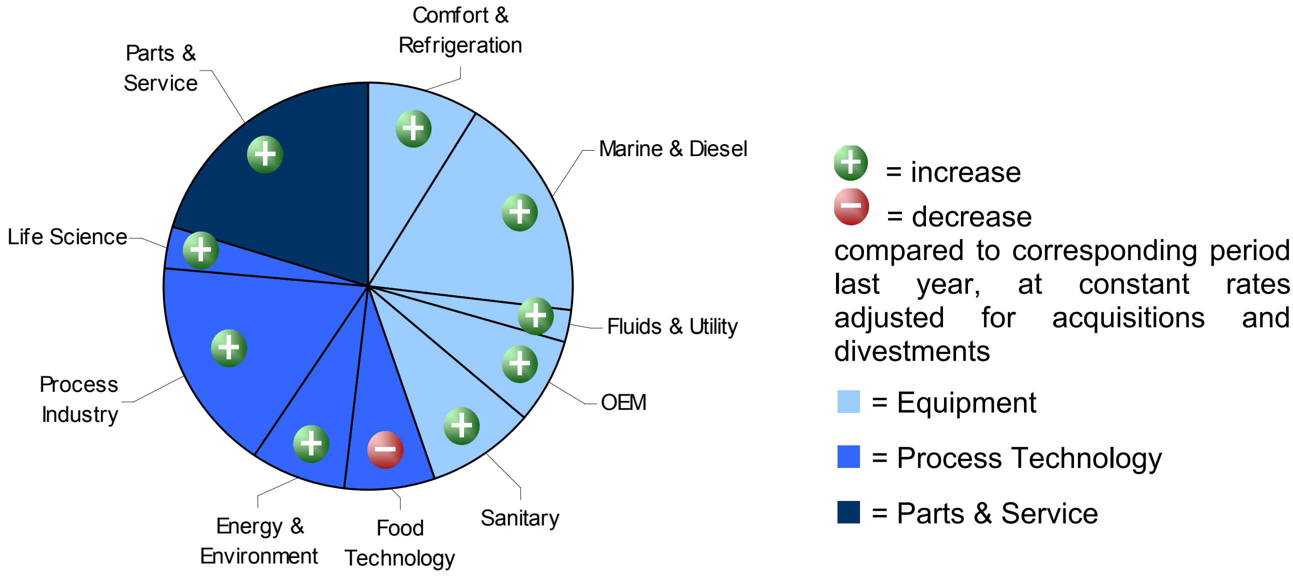
The financial net has amounted to SEK -40 (-27) million, excluding realised and unrealised exchange rate losses and gains. The main elements of costs were interest on debt to the banking syndicate of SEK -9 (-22) million, interest on the private placement and the bridge loan of SEK -10 (-3) million and a net of dividends and other interest income and interest costs of SEK -21 (-2) million. The bridge loan was raised in anticipation of the private placement that financed the acquisition of Tranter.

The net of realised and unrealised exchange rate differences amounts to SEK -30 (9) million.

The increase in income taxes between 2007 and 2006 is primarily due to the increased result before tax.

Divisional reporting

Orders received by segment Q1 2007



Equipment division

SEK millions	**Jan 1- Mar 31 2007**	Jan 1- Mar 31 2006	Jan 1- Dec 31 2006	Jan 1- Dec 31 2005
Orders received	3,926	2,709	12,618	9,902
Order backlog *	6,468	4,598	5,722	3,383
Net sales	2,993	2,286	10,934	8,632
Operating income	517	368	2,072	1,163

* At the end of the period.

Orders received and net sales (all comments are after adjustment for exchange rate fluctuations)

Orders received increased by 53.0 percent and net sales increased by 37.8 percent during the first quarter 2007 compared to the corresponding period last year. Adjusted for acquisitions and divestments of businesses, the corresponding figures are 42.4 percent and 29.0 percent.

All segments had a very good order intake in the quarter and the business climate remains strong. Marine had a very positive development. Also OEM was very strong, benefiting mainly from a continued good market for heat pumps. Sanitary remains on a high level.

Operating income (excluding comparison distortion items)

The increase in operating income during the first quarter 2007 compared to the corresponding period last year is mainly explained by a higher gross profit due to the volume increase, marginally offset by increased R&D and sales and admin costs.

Process Technology division

SEK millions	**Jan 1-Mar 31 2007**	Jan 1-Mar 31 2006	Jan 1-Dec 31 2006	Jan 1-Dec 31 2005
Orders received	3,069	2,768	11,391	8,573
Order backlog *	7,347	5,207	6,630	4,073
Net sales	2,155	1,774	8,828	7,673
Operating income	358	174	1,060	699

* At the end of the period.

Orders received and net sales (all comments are after adjustment for exchange rate fluctuations)

Orders received increased by 18.6 percent and net sales increased by 29.6 percent during the first quarter 2007 compared to the corresponding period last year. Adjusted for acquisitions and divestments of businesses, the corresponding figures are 17.7 percent and 30.3 percent.

The growth has been strong in Energy & Environment, especially in North America that has been boosted by large environmental orders for Toronto, Atlanta and Houston. The market for bio fuels continues to be strong, now also outside the US. The segment Process Industry had its best quarter ever in base sales. The positive development in Life Science is mainly a result of increased activity in the biotech market, particularly in the USA. The food markets are still strong. The Food segment was below last year, mainly due to very strong numbers in the first quarter 2006.

Operating income (excluding comparison distortion items)

The increase in operating income during the first quarter 2007 compared to the corresponding period last year is foremost explained by a higher gross profit due to the volume increase, marginally offset by increased R&D and sales and admin costs.

Operations division and Other

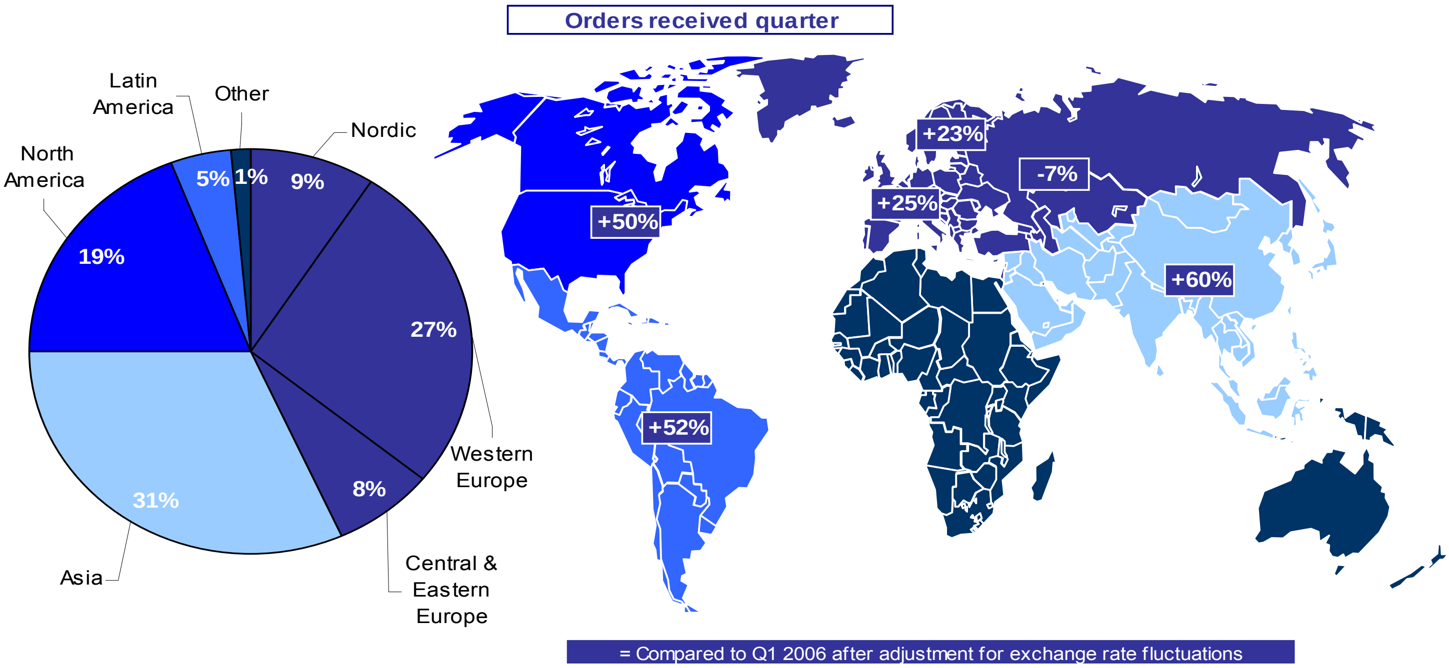
Operations are responsible for procurement, production and logistics. Other is referring to corporate overhead and non-core businesses.

SEK millions	**Jan 1-Mar 31 2007**	Jan 1-Mar 31 2006	Jan 1-Dec 31 2006	Jan 1-Dec 31 2005
Orders received	10	4	10	41
Order backlog *	16	28	8	42
Net sales	2	16	39	26
Operating income	-124	-99	-460	-411

* At the end of the period.

Reporting by geographical markets

The Group's secondary segments are geographical markets. All comments are after adjustment for exchange rate fluctuations.



Western Europe including Nordic

Strong development in capital base sales and the aftermarket. In Equipment Division the best development was in Refrigeration, OEM and Fluids & Utilities. In Process Technology Division the best segment was Energy and Environment.

Central and Eastern Europe

The first quarter showed a good growth in base sales, including the aftermarket. Russia was below last year as large project orders were not repeated.

North America

Strong development in energy-related industries and in particular capital sales in the Process Technology Division. Continued good development for Tranter.

Latin America

Increased focus on Equipment Division business gives good results and has resulted in a strong development for base business. Many countries showed a very good growth in the aftermarket.

Asia

Very strong growth in the region. Best growth in China, Korea and Middle East. Marine showed a very strong development based on continued expansion of shipyard business in China and Korea. The aftermarket showed double digit growth benefiting from market investments in presence during 2006.

Cash-flow

Cash flow from operating and investing activities amounted to SEK 404 (-893) million during the first quarter. Depreciation, excluding allocated step-up values, was SEK 63 (63) million during the first quarter, whereas the investments were SEK 54 (64).

CONSOLIDATED CASH-FLOW STATEMENTS Amounts in SEK millions	**Jan 1 - Mar 31 2007**	Jan 1 - Mar 31 2006	Jan 1 - Dec 31 2006	Jan 1 - Dec 31 2005
Cash flow from operating activities				
Operating income	751	444	2,552	1,377
Adjustment for depreciation	147	145	601	580
Adjustment for other non-cash items	-7	-11	207	-45
	891	578	3,360	1,912
Taxes paid	-353	-77	-549	-429
	538	501	2,811	1,483
Changes in working capital:				
(Increase)/decrease of current receivables	-69	-128	-1,308	49
(Increase)/decrease of inventories	-413	-142	-725	-282
Increase/(decrease) of liabilities	314	72	1,418	482
Increase/(decrease) of provisions	180	89	423	-116
(Increase)/decrease in working capital	**12**	**-109**	**-192**	**133**
Cash flow from operating activities	550	392	2,619	1,616
Cash flow from investing activities				
Investments in fixed assets (Capex)	-54	-64	-373	-324
Divestment of fixed assets	0	3	19	164
Acquisition of businesses	-92	-1,224	-1,227	-505
Divestment of businesses	-	-	4	-
Cash flow from investing activities	-146	-1,285	-1,577	-665
Cash flow from financing activities				
Financial net, paid	-32	11	-115	-351
Dividends to owners of parent company	-	-	-570	-530
Dividends to minority owners in subsidiary	-18	-	-29	-26
(Increase)/decrease of other financial assets	8	124	80	-31
Capitalised financing costs, acquisition loans	-	-	-4	-4
Increase/(decrease) of liabilities to credit institutions	-305	872	-298	-30
Cash flow from financing activities	-347	1,007	-936	-972
Net increase (decrease) in cash and bank	57	114	106	-21
Cash and bank at the beginning of the year	546	479	479	415
Translation difference in cash and bank	15	-3	-39	85
Cash and bank at the end of the period	618	590	546	479
Free cash flow per share (SEK) *	3.62	-8.00	9.32	8.52
Capex in relation to sales	1.0%	1.6%	1.9%	2.0%
Average number of shares	111,671,993	111,671,993	111,671,993	111,671,993

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

CONSOLIDATED BALANCE SHEET

Amounts in SEK millions	**Mar 31 2007**	Mar 31 2006	Dec 31 2006
ASSETS			
Non-current assets			
Intangible assets	5,013	5,587	4,897
Property, plant and equipment	2,527	2,553	2,515
Other non-current assets	1,016	702	784
	8,556	8,842	8,196
Current assets			
Inventories	4,289	3,404	3,792
Assets held for sale	1	-	1
Accounts receivable	4,284	3,447	3,973
Other receivables	1,559	1,300	1,743
Derivative assets	161	56	270
Other current deposits	226	215	229
Cash and bank *	618	590	546
	11,138	9,012	10,554
TOTAL ASSETS	19,694	17,854	18,750
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Shareholders' equity	7,237	6,006	6,713
Minority interest	123	166	118
	7,360	6,172	6,831
Non-current liabilities			
Liabilities to credit institutions	834	2,494	1,251
Private placement	768	-	755
Provisions for pensions and similar commitments	963	939	941
Provision for deferred tax	955	906	949
Other provisions	388	360	318
	3,908	4,699	4,214
Current liabilities			
Liabilities to credit institutions	386	304	220
Bridge loan	-	773	-
Accounts payable	2,078	1,567	2,144
Advances from customers	1,966	1,173	1,751
Other provisions	1,046	694	963
Other liabilities	2,787	2,358	2,488
Derivative liabilities	163	114	139
	8,426	6,983	7,705
Total liabilities	12,334	11,682	11,919
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	19,694	17,854	18,750

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

Cash, bank and current deposits include bank and other deposits in the publicly listed subsidiary Alfa Laval (India) Ltd of SEK 63 (123) million. The company is not a wholly owned subsidiary of the Alfa Laval Group. It is owned to 64.1 percent.

Borrowings and net debt

Consolidated SEK in millions	**March 31 2007**	March 31 2006	December 31 2006	December 31 2005
Credit institutions	1,220	2,798	1,471	2,802
Private placement	768	-	755	-
Bridge loan	-	773	-	-
Capitalised financial leases	25	28	25	29
Interest-bearing pension liabilities	2	3	2	3
Total debt	2,015	3,603	2,253	2,834
Cash, bank and current deposits	-844	-805	-775	-821
Net debt	1,171	2,798	1,478	2,013

Since April 12, 2005 Alfa Laval has a senior credit facility with a banking syndicate of EUR 268 million and USD 348 million, corresponding to SEK 4,917 million. At March 31, 2007, SEK 659 million of the facility were utilised. The facility matures in April 2011 with another year's option until April 2012.

Alfa Laval made a private placement in the US on April 27, 2006 of USD 110 million with a maturity of 10 years and an interest based on US Treasury bills plus a mark-up of 95 basis points.

CHANGES IN CONSOLIDATED EQUITY

Amounts in SEK millions	**Jan 1 - Mar 31 2007**	Jan 1 - Mar 31 2006	Jan 1 - Dec 31 2006
At the beginning of the period	6,831	5,811	5,811
Changes attributable to:			
Equity holders of the parent			
Cash flow hedges	-67	84	228
Translation difference	112	-59	-247
Deferred tax	20	-22	-65
Net income for the period	459	324	1,687
Dividends	-	-	-570
Subtotal	524	327	1,033
Minority			
Translation difference	13	25	-22
Net income for the period	10	9	38
Dividends	-18	-	-29
Subtotal	5	34	-13
At the end of the period	7,360	6,172	6,831

The share capital of SEK 1,116,719,930 is divided into 111,671,993 shares at par value SEK 10.

Ownership and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 13,102 (10,236) shareholders on March 31, 2007. The largest owner is Tetra Laval B.V., the Netherlands who owns 17.7 (17.7) percent. Next to the largest owner there are nine institutional investors with ownership in the range of 10.5 to 1.7 percent. These ten largest owners own 54.4 (54.3) percent of the shares.

Proposed disposition of earnings

The Board of Directors have proposed a dividend for 2006 of SEK 6.25 (5.10) per share corresponding to SEK 698 (570) million and that the remaining income available for distribution in Alfa Laval AB (publ) of SEK 3,109 (1,259) million be carried forward.

Proposal on repurchase of shares

The Board of Directors will propose the Annual General Meeting to mandate the Board to decide on repurchase of the company's shares – if the Board deems this appropriate – until the next Annual General Meeting. The mandate will refer to repurchase of up to 10 percent of the issued shares with the purpose to cancel the repurchased shares and reduce the share capital. The repurchase will be made through transactions on OMX Stockholm's Stock Exchange. The company does currently not own any Alfa Laval shares.

Asbestos-related lawsuits

The Alfa Laval Group was as of March 31, 2007, named as a co-defendant in a total of 225 asbestos-related lawsuits with a total of approximately 362 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.

Purchase of businesses

The public offer to purchase an additional 26 percent of Alfa Laval (India) Ltd opens on May 7, 2007 and closes on May 26, 2007. The offer represents a total value of approximately SEK 700 million.

In a press release on March 16, 2007 Alfa Laval communicated that the company had signed an agreement to acquire the American company DSO Fluid Handling. The acquisition strengthens Alfa Laval's position within sanitary processing industries in the US. DSO is a supplier of predominantly parts for pumps and valves and adds a complementary channel for replacement parts. In line with Alfa Laval's multi-brand strategy, DSO will continue to sell its products under its own brand. DSO had a turnover in 2006 of about SEK 50 million and has approximately 20 employees. DSO is based in Irvington (Newark), New Jersey USA. The company is part of the Alfa Laval Group as of March 16, 2007. The impact of the acquisition on the income statement and the cash flow statement is thus only for two weeks of operation.

In a press release on March 6, 2007 Alfa Laval announced that an agreement to acquire Helpman B V had been signed. Helpman is a leading company in the European market for air heat exchangers used in the sensitive logistical chain for food, i.e. refrigeration and temperature control to secure the final quality of the products. Helpman had a turnover in 2006 of about SEK 200 million and has approximately 130 employees within R&D, sales and at two manufacturing units, in Groningen, Netherlands and in Sofia, Bulgaria. The intention is to fully integrate Helpman into Alfa Laval. Helpman will be consolidated in the Alfa Laval Group as of April 4, 2007.

Result for the parent company

The parent company's result after financial items was SEK 6 (-5) million, out of which net interests were SEK 7 (-3) million, realised and unrealised exchange rate gains and losses SEK 1 (-0) million, costs related to the listing SEK -1 (-0) million, cost for annual report and annual general meeting SEK -1 (-1) million and other administration costs the remaining SEK -0 (-1) million.

Accounting principles

The first quarter interim report 2007 is in accordance with RR 31 Consolidated Interim Reports, which requires that IAS 34 Interim Financial Reporting and the Swedish Annual Report's Act must be applied. The accounting principles are according to IFRS (International Financial Reporting Standards). This means that the same accounting principles and accounting estimates have been applied in the first quarter interim report 2007 as for the annual report for 2006.

Date for the next financial reports during 2007

Alfa Laval will publish interim reports during 2007 at the following dates:

Interim report for the second quarter	July 19
Interim report for the third quarter	October 23

Events after the balance sheet date

The balance sheets and the income statements for 2006 are expected to be adopted at the Annual General Meeting of shareholders on April 23, 2007.

1. Adjusted EBITDA – "Earnings before interests, taxes, depreciation, amortisation of step up values and comparison distortion items."
2. Adjusted EBITA – "Earnings before interests, taxes, amortisation of step up values and comparison distortion items.
3. Calculated on a 12 months' revolving basis.
4. Number of employees at the end of the period.
5. Acquired buinesses are: Tranter at February 1, 2006
   DSO at March 16, 2007
   Divested business are: The biopharm engineering activity at December 29, 2006
6. Orders with a value over EUR 5 million.