First quarter 2012

Summary

SEK millions	First three months 2012	2011	%	% *
Order intake	7,895	6,455	22	21
Net sales	6,831	5,899	16	15
Adjusted EBITA	1,128	1,134	-1	
- adjusted EBITA margin (%)	16.5	19.2		
Result after financial items	1,020	1,007	1	
Net income for the period	735	726	1	
Earnings per share (SEK)	1.74	1.71	2	
Cash flow **	1,037	438	137	
Impact on EBITA of:				
- foreign exchange effects	-25	-85		

* excluding exchange rate variations ** from operating activities

Comment from Lars Renström, President and CEO

"Order intake was SEK 7.9 billion during the first quarter, an increase with 22 percent compared to the corresponding quarter 2011. Compared to the fourth quarter order intake increased with 17 percent. Large orders reached its highest level this far, SEK 950 million, partly due to a shift from the fourth quarter to the first.

The demand was solid for the Process Technology Division. Particularly strong was the demand from the oil and gas industry and power generation. Within the Marine & Diesel division marine systems developed well at the same time as the Equipment division had a stable demand. Most geographical regions showed good growth, with the best development in Central and Eastern Europe and North America.

Sales increased by 16 percent to SEK 6.8 billion compared to the first quarter 2011 at the same time as the operating result was SEK 1.1 billion, corresponding to an operating margin of 16.5 percent.

Compared to last year the operating margin was negatively affected by lower capacity utilization in some factories and product mix, as well as higher overhead costs mainly through investments in sales resources in the BRIC countries."

Dividend

The Board of Directors propose a dividend of SEK 3.25 (3.00) per share and a mandate for repurchase of up to 5 percent of the issued shares to the Annual General Meeting.

Outlook for the second quarter

"We expect that demand during the second quarter 2012 will be on about the same level as in the first quarter, excluding large orders."

Earlier published outlook (February 7, 2012): "We expect that demand during the first quarter 2012 will be in line with or somewhat higher than in the fourth quarter."

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

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Management's discussion and analysis

Important events during the first quarter

During the first quarter 2012 Alfa Laval received large orders[1)]for SEK 950 (185) million:

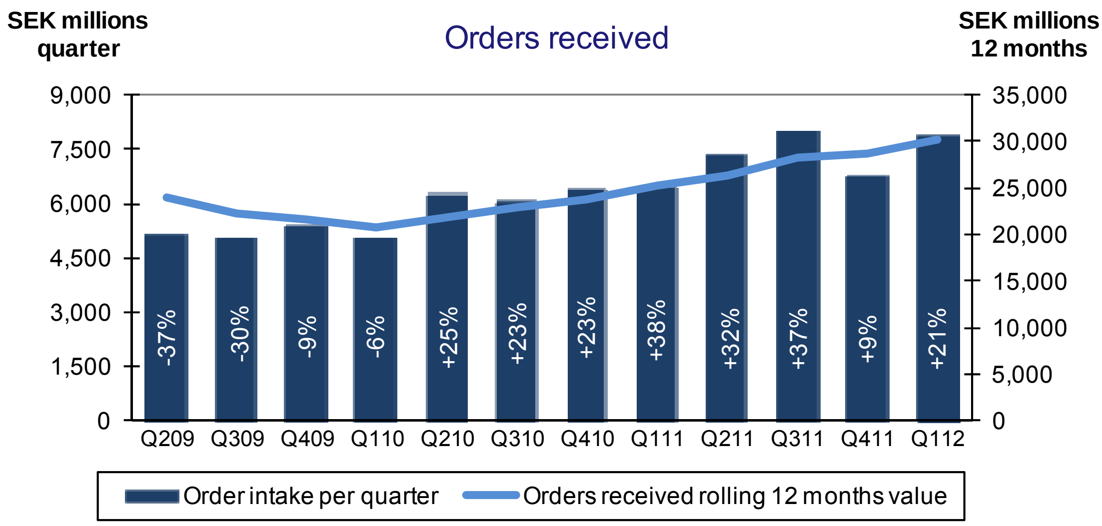
- An order to supply newly developed decanters for cleaning of industrial wastewater in Canada. The order value is approximately SEK 110 million and delivery is scheduled for 2012.
- An order from Mitsubishi Heavy Industries Ltd to supply Alfa Laval Aalborg Exhaust Gas Economizers to vessels built for A.P. Møller-Mærsk. The order value is approximately SEK 230 million and delivery is scheduled to start in 2012 and be finalized during 2014.
- An order to supply Alfa Laval plate heat exchangers to a nuclear power plant in Russia. The order value is approximately SEK 120 million and delivery is scheduled to start in 2013 and be completed during 2015.
- An order from Wärtsilä Corporation to supply heat exchangers, boilers and separators for a combined cycle power plant to be built in Central America. The order value is approximately SEK 60 million and delivery is scheduled for 2012.
- An order to supply a variety of Alfa Laval products to a brewery in Indonesia. The order value is approximately SEK 50 million and delivery is scheduled for 2012.
- A plate heat exchanger order from a big oil company in Brazil. The order value is approximately SEK 130 million and delivery is scheduled for 2012.
- An order to supply newly developed decanters for cleaning of industrial waste water in Canada. The order value is approximately SEK 250 million, with delivery scheduled for 2013.

In addition it can be noted that Alfa Laval:

- managed to increase the ownership in Alfa Laval (India) Ltd to 94.5 percent and thereby could delist the subsidiary,
- via Alfdex AB, a 50/50 joint venture between Alfa Laval and Concentric, has signed an exclusive supplier agreement with one of the world's largest producers of heavy trucks. The agreement to supply Alfdex Oil Mist Separators is valid until 2017 with a total estimated value of at least SEK 500 million.

Order intake

Orders received amounted to SEK 7,895 (6,455) million for the first quarter. Compared with earlier quarters the development has been as follows.



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

1. Orders with a value over EUR 5 million.

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

Consolidated

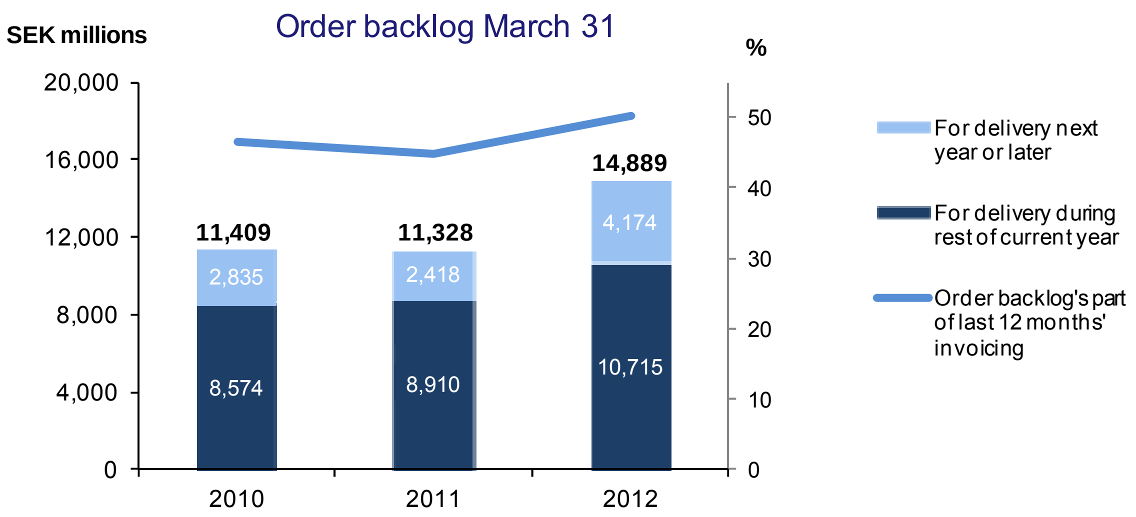
Order bridge

	Order intake 2011 SEK millions	Change: Excluding currency effects — Structural change2) (%)	Organic development3) (%)	Total (%)	After currency effects — Currency effects (%)	Total (%)	Order intake 2012 SEK millions
First quarter	6,455	14.3	6.6	20.9	1.4	22.3	7,895

Compared to the previous quarter the Group's order intake excluding currency effects was 17.3 percent higher. The corresponding organic development was an increase by 17.3 percent.

Orders received from the aftermarket Parts & Service constituted 26.2 (26.7) percent of the Group's total orders received during the first quarter. Excluding currency effects, the order intake for Parts & Service increased by 19.0 percent during the first quarter 2012 compared to the corresponding quarter last year and with 6.9 percent compared to the previous quarter.

Order backlog



Excluding currency effects and adjusted for acquisition of businesses the order backlog was 5.0 percent higher than the order backlog at March 31, 2011 and 6.8 percent higher than the order backlog at the end of 2011.

2. Acquired businesses are: Aalborg Industries at May 1, 2011 and a service company in the US at May 1, 2011.
3. Change excluding acquisition of businesses.

Net sales

Net invoicing was SEK 6,831 (5,899) million for the first quarter. The change compared with the corresponding quarter last year can be split into:

Consolidated

Sales bridge

		Change					
		Excluding currency effects			After currency effects		
	Net sales 2011 SEK millions	Structural change (%)	Organic development (%)	Total (%)	Currency effects (%)	Total (%)	Net sales 2012 SEK millions
First quarter	5,899	11.1	3.6	14.7	1.1	15.8	6,831

Compared to the previous quarter the Group's net invoicing excluding currency effects was 15.7 percent lower. The corresponding organic development was a decrease by 15.7 percent.

Net invoicing relating to Parts & Service constituted 27.7 (27.0) percent of the Group's total net invoicing in the first quarter. Excluding currency effects, the net invoicing for Parts & Service increased by 17.8 percent during the first quarter 2012 compared to the corresponding quarter last year and decreased with 7.2 percent compared to the previous quarter.

Income

CONSOLIDATED COMPREHENSIVE INCOME

SEK millions	First three months 2012	2011	Full year 2011	Last 12 months
Net sales	6,831	5,899	28,652	29,584
Cost of goods sold	-4,324	-3,599	-17,829	-18,554
Gross profit	2,507	2,300	10,823	11,030
Sales costs	-898	-779	-3,410	-3,529
Administration costs	-325	-267	-1,601	-1,659
Research and development costs	-158	-150	-648	-656
Other operating income *	85	102	403	386
Other operating costs *	-203	-156	-876	-923
Operating income	1,008	1,050	4,691	4,649
Dividends and changes in fair value	1	2	0	-1
Interest income and financial exchange rate gains	112	118	436	430
Interest expense and financial exchange rate losses	-101	-163	-451	-389
Result after financial items	1,020	1,007	4,676	4,689
Taxes	-285	-281	-1,425	-1,429
Net income for the period	735	726	3,251	3,260
Other comprehensive income:				
Cash flow hedges	24	144	-335	-455
Translation difference	-233	-509	-206	70
Deferred tax on other comprehensive income	2	-13	120	135
Comprehensive income for the period	528	348	2,830	3,010
Net income attributable to:				
Owners of the parent	730	718	3,223	3,235
Non-controlling interests	5	8	28	25
Earnings per share (SEK)	1.74	1.71	7.68	7.71
Average number of shares	419,456,315	419,456,315	419,456,315	419,456,315
Comprehensive income attributable to:				
Owners of the parent	521	340	2,812	2,993
Non-controlling interests	7	8	18	17

* The line has been affected by comparison distortion items, see separate specification on page 7.

The gross profit has been affected by negative currency effects and a positive mix effect compared to the previous quarter. The mix effect was however negative in comparison with the corresponding period last year. In addition, the gross margin in the quarter has been affected among others by a lower utilisation in certain factories.

Sales and administration expenses amounted to SEK 1,223 (1,046) million during the first quarter 2012. Excluding currency effects and acquisition of businesses, sales and administration expenses were 5.7 percent higher than the corresponding period last year. The increase is mainly explained by a continued high activity level and a continued development of the organisation with focus on the BRIC countries.

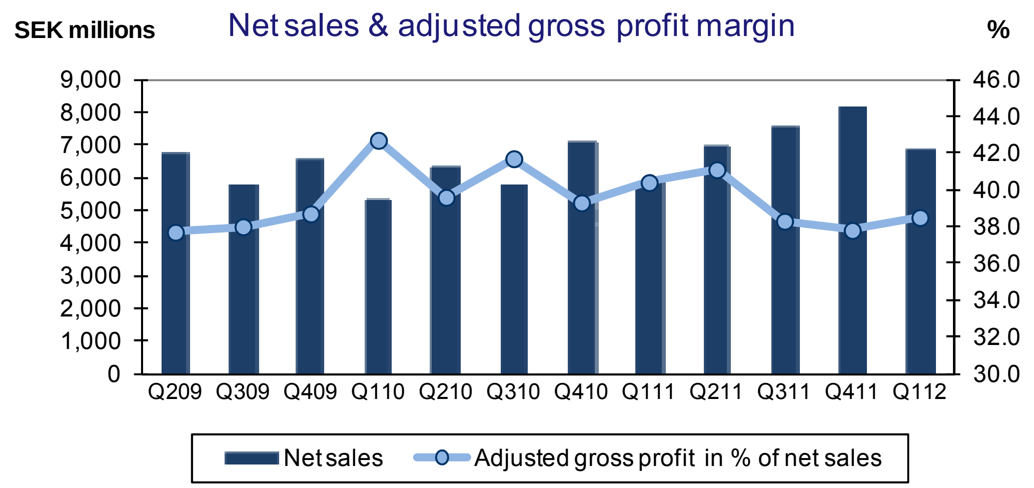
The costs for research and development were SEK 158 (150) million during the first quarter 2012, corresponding to 2.3 (2.5) percent of net sales. Excluding currency effects and acquisition of businesses, the costs for research and development have increased by 1.3 percent compared to the corresponding period last year.

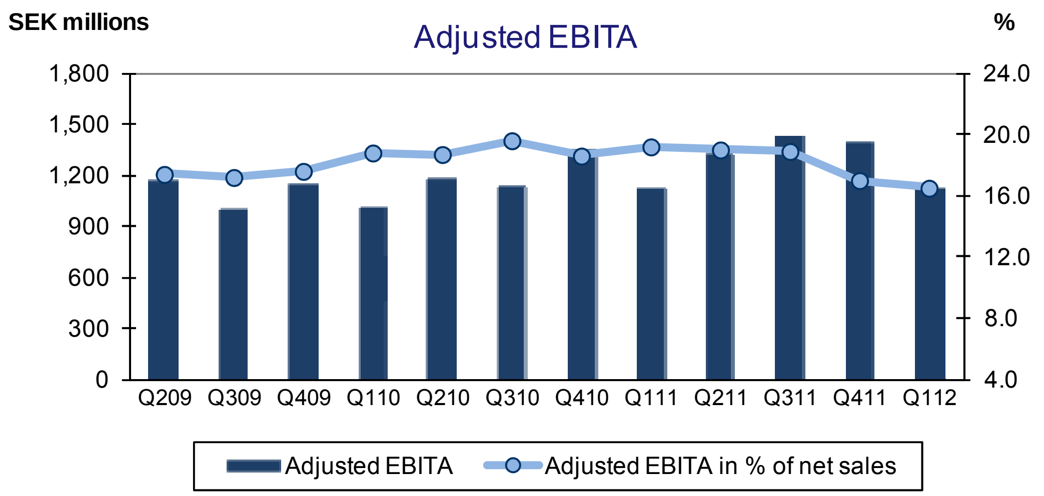
The net income attributable to the owners of the parent, excluding depreciation of step-up values and the corresponding tax, is SEK 1.87 (1.83) per share for the first three months 2012.

Income analysis

Consolidated	First three months		Full year	Last 12
SEK millions	2012	2011	2011	months
Net sales	6,831	5,899	28,652	29,584
Adjusted gross profit *	2,627	2,384	11,249	11,492
- in % of net sales	***38.5***	***40.4***	***39.3***	***38.8***
Expenses **	-1,389	-1,146	-5,513	-5,756
- in % of net sales	*20.3*	*19.4*	*19.2*	*19.5*
Adjusted EBITDA	**1,238**	**1,238**	**5,736**	**5,736**
- in % of net sales	*18.1*	*21.0*	*20.0*	*19.4*
Depreciation	-110	-104	-449	-455
Adjusted EBITA	**1,128**	**1,134**	**5,287**	**5,281**
- in % of net sales	***16.5***	***19.2***	***18.5***	***17.9***
Amortisation of step up values	-120	-84	-426	-462
Comparison distortion items	-	-	-170	-170
Operating income	1,008	1,050	4,691	4,649

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





Comparison distortion items

The operating income for the first quarter 2012 has not been affected by any comparison distortion items. When applicable these are reported gross in the comprehensive income statement as a part of other operating income and other operating costs.

The comparison distortion cost during 2011 of SEK -170 million is related to structural costs for saving measures of SEK -90 million and non-recurring integration costs of SEK -80 million in connection with the acquisition of Aalborg Industries respectively. The saving measures are mainly relating to capacity adjustments and cost reductions in the manufacturing due to the demand for certain products as well as cost reductions in the sales companies primarily in Western Europe. The measures are expected to affect approximately 250 employees.

Consolidated	Comparison distortion items			
	First three months		Full year	Last 12
SEK millions	2012	2011	2011	months
Operational				
Other operating income	85	102	403	386
Comparison distortion income	-	-	-	-
Total other operating income	85	102	403	386
Other operating costs	-203	-156	-706	-753
Comparison distortion costs	-	-	-170	-170
Total other operating costs	-203	-156	-876	-923

Consolidated financial net

The financial net has amounted to SEK -47 (-20) 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 -3 (-0) million, interest on the bilateral term loans SEK -23 (-1) million, interest on the private placement of SEK -5 (-4) million and a net of dividends and other interest income and interest costs of SEK -16 (-15) million. The net of realised and unrealised exchange rate differences amounts to SEK 59 (-23) million.

Key figures

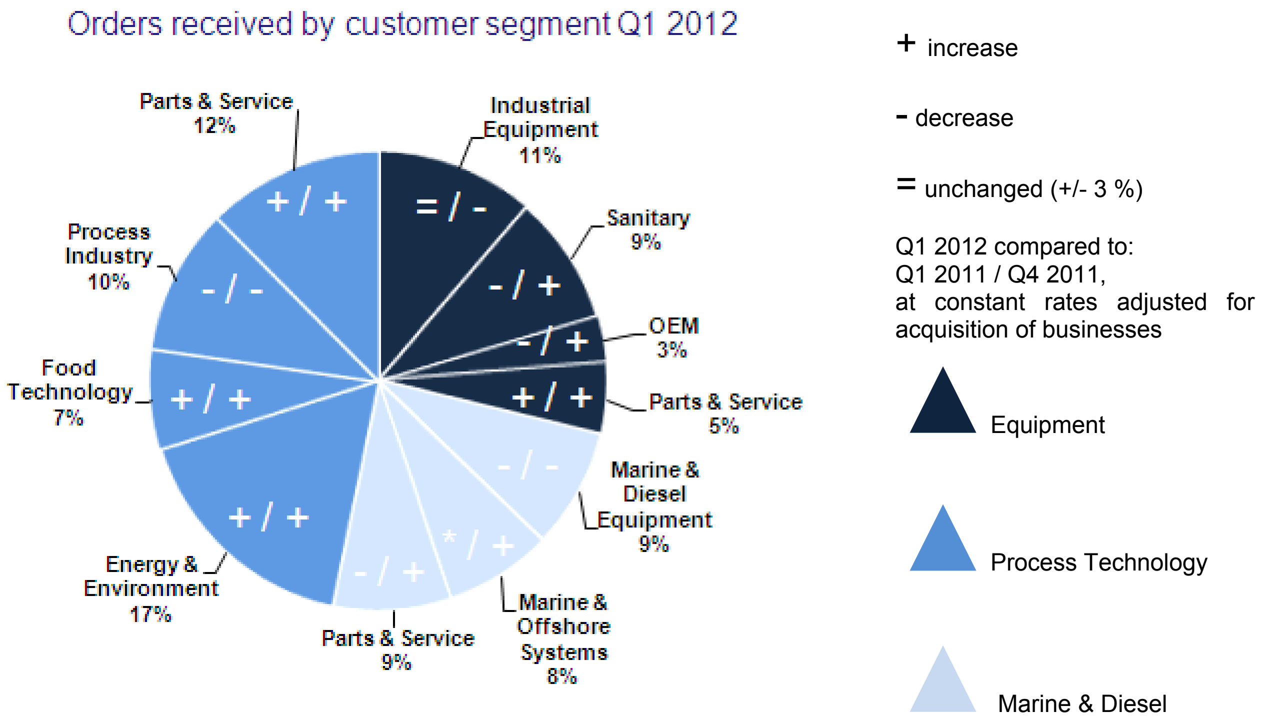
Consolidated	Key figures		
	March 31		December 31
	2012	2011	2011
Return on capital employed (%) *	28.3	38.3	31.3
Return on equity capital (%) *	22.5	24.6	22.9
Solidity (%) **	45.2	49.7	43.9
Net debt to EBITDA, times *	0.53	-0.19	0.59
Debt ratio, times **	0.19	-0.07	0.22
Number of employees **	15,999	12,812	16,064

* Calculated on a 12 months' revolving basis. ** At the end of the period.

Business divisions

Starting at January 1, 2012 a new business division Marine & Diesel has been added to Alfa Laval's two business divisions up till now Equipment and Process Technology. It consists of the absolutely greater part of the acquired Aalborg Industries that deals with marine applications and the former business segment Marine & Diesel and the marine part of Parts & Service from the Equipment division. The residual part of Aalborg Industries is included in Process Technology.

The development of the order intake for the divisions and their customer segments during the first quarter 2012 appears in the following chart.



* New customer segment, no corresponding period last year exists.

Equipment division

Consolidated				
	First three months		Full year	Last 12
SEK millions	2012	2011	2011	months
Orders received	2,339	2,316	9,508	9,531
Order backlog*	1,501	1,469	1,385	1,501
Net sales	2,233	2,193	9,447	9,487
Operating income**	286	331	1,278	1,233
Depreciation and amortisation	39	38	156	157
Investments	10	13	67	64
Assets*	5,962	6,078	6,018	5,962
Liabilities*	982	1,125	1,063	982
Number of employees*	2,850	3,227	2,799	2,850

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

For the first quarter 2012 orders received for Equipment decreased by 0.1 percent and net sales increased by 1.0 percent excluding currency effects compared to the corresponding period last year. Adjusted also for acquisition of businesses, the corresponding figures are a decrease by 0.8 percent and an increase by 0.2 percent respectively. All comments below are excluding exchange rate fluctuations.

Order intake

Order intake for the division was flat in the first quarter compared to both the corresponding period 2011 and the previous quarter.

Industrial Equipment was down somewhat from the fourth quarter, mainly due to the seasonality in the comfort business. On the other hand, the market unit OEM engine grew significantly, boosted by increased demand in end markets such as the US, the UK and China and also as a result of new products getting a positive reception from customers, primarily in the US. The customer segment OEM was slightly up from the fourth quarter. Industries like boilers and HVAC were down due to seasonality, whereas demand from air conditioning and industrial refrigeration customers was good. Sanitary continued to grow compared to the previous quarter, mainly driven by increased demand for prepared food. The traditional markets in Western Europe and North America were the main contributors to the growth, while the BRIC countries were flat.

Order intake in Parts & Service grew significantly in the quarter to an all-time high level, mainly driven by developments in Western Europe and North America. Most applications contributed to the positive development.

Operating income

The reduction in operating income for Equipment during the first quarter 2012 compared to the corresponding period last year is mainly explained by higher costs, a lower production pace in certain factories and negative foreign exchange effects, mitigated by a positive price/ mix variation.

Process Technology division

Consolidated				
	First three months		Full year	Last 12
SEK millions	2012	2011	2011	months
Orders received	3,600	2,868	12,738	13,470
Order backlog*	7,723	6,481	6,889	7,723
Net sales	2,778	2,499	12,160	12,439
Operating income**	501	524	2,506	2,483
Depreciation and amortisation	55	56	208	207
Investments	19	20	127	126
Assets*	8,787	8,241	9,500	8,787
Liabilities*	4,228	4,084	4,167	4,228
Number of employees*	4,498	4,200	4,531	4,498

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

For the first quarter 2012 orders received for Process Technology increased by 24.3 percent and net sales increased by 10.6 percent excluding currency effects compared to the corresponding period last year. Adjusted also for acquisition of businesses, the corresponding figures are an increase by 22.1 percent and 8.4 percent respectively. All comments below are excluding exchange rate fluctuations.

Order intake

Order intake in the first quarter was very strong and well above the previous quarter driven by a significant increase for large orders, especially related to applications for energy and environment. Parts & Service reported continued growth and the base business* was stable and in line with the previous quarter. Geographically, all regions recorded growth, with North America and Asia doing particularly well.

Energy and Environment had a very strong quarter, securing two large orders for a newly developed decanter for cleaning of industrial waste water. Order intake within the oil & gas market unit was also at a high level, as the high energy prices continued to boost investment activity. The power market unit saw a very strong order activity, with a good mix between different power solutions. Process Industry was down somewhat from the fourth quarter, mainly due to non-repeats of contract orders in the market units refinery and life science. The market units inorganics, metals and paper as well as petrochemicals, however, showed good growth, largely due to a sustained strong base business. Food Technology was up somewhat from the previous quarter, particularly supported by the brewery sector, where investments were returning and vegetable oil, which was supported by continued capacity investments in Asia and Latin America.

Parts & Service recorded further growth, supported by an above average activity level in the energy & environment related industries. In general, most industry applications served with parts and services showed a positive development. Geographically, the strongest growth was recorded in the BRIC countries.

Operating income

The decrease in operating income for Process Technology during the first quarter 2012 compared to the corresponding period last year is mainly explained by negative foreign exchange effects, a changed mix in capital sales and delivery of lower margin contract orders, mitigated by an increased sales volume.

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

Marine & Diesel division

Consolidated				
	First three months		Full year	Last 12
SEK millions	2012	2011	2011	months
Orders received	1,956	1,271	6,423	7,108
Order backlog*	5,665	3,378	5,462	5,665
Net sales	1,820	1,207	7,043	7,656
Operating income**	369	278	1,718	1,809
Depreciation and amortisation	56	21	196	231
Investments	4	0	44	48
Assets*	8,694	2,703	8,874	8,694
Liabilities*	2,211	856	2,256	2,211
Number of employees*	3,591	406	3,563	3,591

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

For the first quarter 2012 orders received for Marine & Diesel increased by 51.8 percent and net sales increased by 48.0 percent excluding currency effects compared to the corresponding period last year. Adjusted also for acquisition of businesses, the corresponding figures are a decrease by 14.9 percent and 0.1 percent respectively. All comments below are excluding exchange rate fluctuations.

Order intake

Order intake in the first quarter for the Marine & Diesel division was strong and well above the previous quarter, driven mainly by an increased demand for boiler systems.

In Marine & Diesel Equipment order intake was down somewhat compared to the previous quarter. While increased awareness in the industry continued to drive up demand for environmental solutions, order intake for other marine capital equipment was on the same pace as in the fourth quarter. The financial turmoil in the industry among charterers, ship owners and shipyards continued in the first quarter, leading to very low contracting levels for new vessels at the shipyards. For diesel capital equipment, order intake was somewhat lower than the previous quarter due to non-repeats. The activity level is, however, still good and the general market outlook for diesel power plants is positive. Marine & Offshore Systems showed significantly higher order intake than the previous quarter, driven by higher demand for boiler systems. A major contribution was the large order to supply waste heat recovery boilers for A.P. Möller-Maersk vessels.

In Parts & Service order intake grew compared to the previous quarter.

Operating income

The increase in operating income for Marine & Diesel during the first quarter 2012 compared to the corresponding period last year is mainly explained by increased volume due to acquisitions, mitigated by higher costs and negative foreign exchange effects as well as lower margins on certain capital sales contracts.

Other

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

Consolidated				
	First three months		Full year	Last 12
SEK millions	2012	2011	2011	months
Orders received	0	0	2	2
Order backlog*	0	0	0	0
Net sales	0	0	2	2
Operating income**	-110	-82	-568	-596
Depreciation and amortisation	80	73	315	322
Investments	61	28	317	350
Assets*	5,356	4,590	5,178	5,356
Liabilities*	2,235	2,305	2,284	2,235
Number of employees*	5,060	4,979	5,171	5,060

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

Reconciliation between divisions and Group total

Consolidated				
	First three months		Full year	Last 12
SEK millions	2012	2011	2011	months
Operating income:				
Total for divisions	1,046	1,051	4,934	4,929
Comparison distortion items	-	-	-170	-170
Consolidation adjustments *	-38	-1	-73	-110
Total operating income	1,008	1,050	4,691	4,649
Financial net	12	-43	-15	40
Result after financial items	1,020	1,007	4,676	4,689
Assets:				
Total for divisions	28,799	21,612	29,570	28,799
Corporate	4,622	6,409	4,933	4,622
Group total	33,421	28,021	34,503	33,421
Liabilities:				
Total for divisions	9,656	8,370	9,770	9,656
Corporate	8,655	5,721	9,589	8,655
Group total	18,311	14,091	19,359	18,311

* Difference between management accounts and IFRS.

Information about products and services

Consolidated	Net sales by product/service *			
	First three months		Full year	Last 12
SEK millions	2012	2011	2011	months
Own products within:				
Separation	1,530	1,478	6,345	6,397
Heat transfer	3,698	2,972	15,480	16,206
Fluid handling	730	757	3,006	2,979
Other	129	168	670	631
Associated products	458	257	1,881	2,082
Services	286	267	1,270	1,289
Total	6,831	5,899	28,652	29,584

* 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 first quarter

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

- A range of very large decanters with low energy consumption for use in the energy and environment industries.

- Fusion Line is a new type of compact heat exchanger combining the benefits of a traditional tubular heat exchanger with the high efficiency of a plate heat exchanger. It allows fibres and large particles to flow through the heat exchanger without clogging, which opens new business opportunities within the food industry.

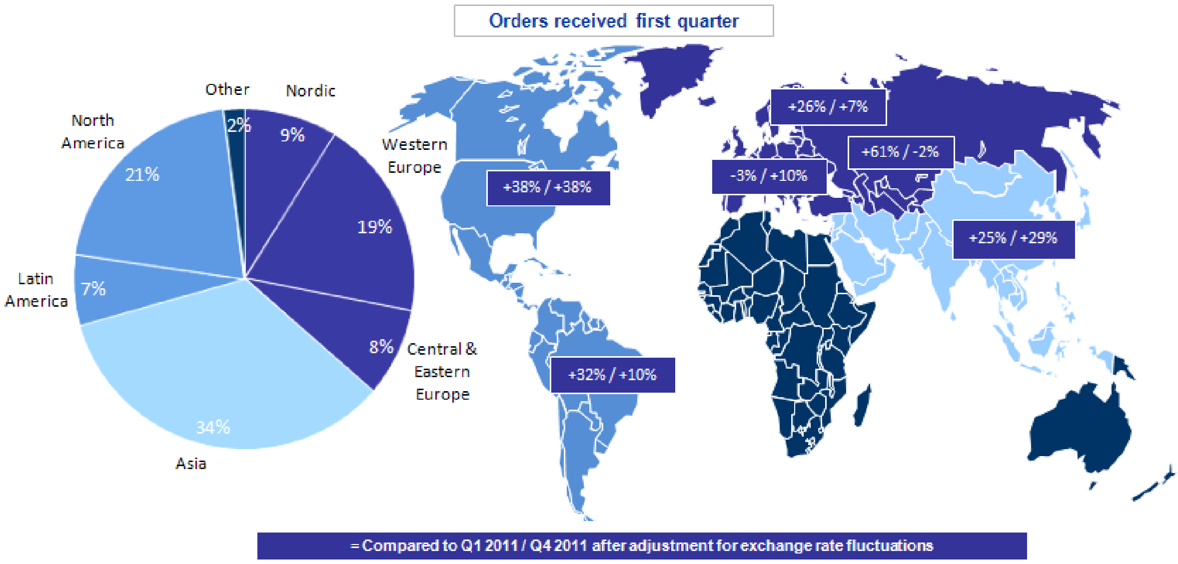
- The Unique Control LKB automation unit is an all-in-one actuator for LKB butterfly valves, offering superior simplicity, flow control, durability and reliability for a wide range of applications.

- The brazed heat exchanger CB112 with its new plate pattern further optimizes heat pump technology, while using less material.

- Optigo CD is a new energy efficient and easy to mount air heat exchanger with double air discharge and is the optimal choice for cooling and freezing rooms.

- Alfa Laval's new service product “Heat Exchanger Audit” gives the status of the customer’s installation and recommends spare parts and service needs. This ensures the customer gets the most out of the heat exchanger over its life cycle.

Information by region



All comments are after adjustment for exchange rate fluctuations.

Western Europe including Nordic

Order intake grew in the first quarter compared with the fourth quarter last year, with the best development reported in France, Nordic and the United Kingdom. Among the segments Sanitary and Energy & Environment had a particularly good development and Parts & Service remained on a stable level. Growth was mainly driven by large projects with the base business* slightly up compared with the previous quarter.

Central and Eastern Europe

In the first quarter Central & Eastern Europe repeated a strong quarter, boosted by a strong development for large orders in the Process Technology Division. Energy & Environment, which landed a large order from the nuclear industry, did particularly well as did Parts & Service. The Equipment Division showed a small decline. Russia and the Baltics reported good growth.

North America

Order intake grew in the first quarter compared with the previous quarter. Sanitary was one of the segments to record the strongest growth, as was Energy & Environment, which was boosted by the large industrial waste water orders won in Canada during the period. Demand for Parts & Service was up across the region and a continued good development was also seen in the base business.

Latin America

Latin America showed growth across the line in the first quarter with increased demand reported for both the Equipment and the Process Technology Divisions. Energy & Environment booked large orders from the oil & gas sector and did particularly well, as did Industrial Equipment. Parts & Service benefited from a high activity level in the end markets of the Process Technology Division. Brazil did particularly well.

Asia

Order intake showed a substantial increase in the first quarter compared to the fourth quarter last year, mainly due to a strong performance for the project business in the Process Technology Division as well as in the Marine & Diesel Division. The best performance was seen in the segment Marine & Offshore Systems, which experienced an increased demand for boiler systems and within Food Technology, which recorded a large contract from a brewery in Indonesia. Process Industry also reported a good development. Parts & Service showed a slight increase in the quarter. The Equipment Division was unchanged with Sanitary performing the best. The strongest performance from a geographical perspective was seen in South Korea, China, India and Malaysia.

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

Consolidated	Net sales			
	First three months		Full year	Last 12
SEK millions	2012	2011	2011	months
To customers in:				
Sweden	211	215	942	938
Other EU	1,768	1,603	7,634	7,799
Other Europe	564	390	2,313	2,487
USA	1,136	883	3,832	4,085
Other North America	178	192	788	774
Latin America	434	446	1,981	1,969
Africa	60	43	216	233
China	786	691	3,772	3,867
Other Asia	1,606	1,355	6,774	7,025
Oceania	88	81	400	407
Total	6,831	5,899	28,652	29,584

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

Consolidated	Non-current assets		
	March 31		December 31
SEK millions	2012	2011	2011
Sweden	1,543	1,571	1,553
Denmark	4,613	769	4,672
Other EU	4,287	3,776	4,361
Other Europe	329	340	329
USA	2,141	1,838	2,251
Other North America	119	118	121
Latin America	489	153	500
Africa	1	1	1
Asia	3,002	2,823	3,096
Oceania	95	90	97
Subtotal	16,619	11,479	16,981
Other long-term securities	20	39	25
Pension assets	332	224	346
Deferred tax asset	1,168	1,174	1,293
Total	18,139	12,916	18,645

The large increase in non-current assets for Denmark in 2011 is due to the acquisition of Aalborg Industries and above all the goodwill and other step up values that this resulted in.

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 about 4 percent of net sales.

Cash flows

CONSOLIDATED CASH FLOWS

SEK millions	First three months 2012	First three months 2011	Full year 2011	Last 12 months
Operating activities				
Operating income	1,008	1,050	4,691	4,649
Adjustment for depreciation	230	188	875	917
Adjustment for other non-cash items	5	-12	167	184
	1,243	1,226	5,733	5,750
Taxes paid	-306	-435	-1,446	-1,317
	937	791	4,287	4,433
Changes in working capital:				
Increase(-)/decrease(+) of receivables	408	6	-157	245
Increase(-)/decrease(+) of inventories	-201	-333	-1,172	-1,040
Increase(+)/decrease(-) of liabilities	-11	22	611	578
Increase(+)/decrease(-) of provisions	-96	-48	-140	-188
Increase(-)/decrease(+) in working capital	**100**	**-353**	**-858**	**-405**
	1,037	438	3,429	4,028
Investing activities				
Investments in fixed assets (Capex)	-94	-61	-555	-588
Divestment of fixed assets	0	0	14	14
Acquisition of businesses	-600	-55	-4,956	-5,501
	-694	-116	-5,497	-6,075
Financing activities				
Received interests and dividends	29	16	91	104
Paid interests	-59	-32	-271	-298
Realised financial exchange differences	17	167	285	135
Repurchase of shares	-	-	-	-
Dividends to owners of the parent	-	-	-1,258	-1,258
Dividends to non-controlling interests	-8	-	-10	-18
Increase(-)/decrease(+) of financial assets	305	-1,533	-17	1,821
Increase(+)/decrease(-) of borrowings	-537	1,108	3,497	1,852
	-253	-274	2,317	2,338
Cash flow for the period	90	48	249	291
Cash and bank at the beginning of the period	1,564	1,328	1,328	1,318
Translation difference in cash and bank	-34	-58	-13	11
Cash and bank at the end of the period	1,620	1,318	1,564	1,620
Free cash flow per share (SEK) *	0.82	0.77	-4.93	-4.88
Capex in relation to sales	1.4%	1.0%	1.9%	2.0%
Average number of shares	419,456,315	419,456,315	419,456,315	419,456,315

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

During the first quarter 2012 cash flows from operating and investing activities amounted to SEK 343 (322) million. Depreciation, excluding allocated step-up values, was SEK 110 (104) million during the first quarter.

Financial position and equity

CONSOLIDATED FINANCIAL POSITION

	March 31		December 31
SEK millions	2012	2011	2011
ASSETS			
Non-current assets			
Intangible assets	12,771	8,110	13,045
Property, plant and equipment	3,847	3,368	3,936
Other non-current assets	1,521	1,438	1,664
	18,139	12,916	18,645
Current assets			
Inventories	6,254	4,920	6,148
Accounts receivable	4,650	4,177	5,080
Other receivables	2,251	1,993	2,280
Derivative assets	318	615	303
Other current deposits	189	2,082	483
Cash and bank *	1,620	1,318	1,564
	15,282	15,105	15,858
TOTAL ASSETS	33,421	28,021	34,503
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Owners of the parent	14,987	13,767	14,982
Non-controlling interests	123	163	162
	15,110	13,930	15,144
Non-current liabilities			
Liabilities to credit institutions	775	284	1,353
Swedish Export Credit	1,776	-	1,787
European Investment Bank	1,154	1,161	1,162
Private placement	730	693	758
Provisions for pensions and similar commitments	789	766	852
Provision for deferred tax	1,874	1,468	1,930
Other provisions	499	626	520
	7,597	4,998	8,362
Current liabilities			
Liabilities to credit institutions	184	124	132
Accounts payable	2,362	2,185	2,668
Advances from customers	2,216	1,447	2,020
Other provisions	1,560	1,469	1,612
Other liabilities	4,023	3,750	4,137
Derivative liabilities	369	118	428
	10,714	9,093	10,997
Total liabilities	18,311	14,091	19,359
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	33,421	28,021	34,503

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

Cash, bank and current deposits include bank and other deposits in the until recently publicly listed subsidiary Alfa Laval (India) Ltd of SEK 204 (276) million. The company is not a wholly owned subsidiary of the Alfa Laval Group. It is owned to 94.5 (88.8) percent.

Borrowings and net debt

Consolidated SEK millions	March 31 2012	March 31 2011	December 31 2011
Credit institutions	959	408	1,485
Swedish Export Credit	1,776	-	1,787
European Investment Bank	1,154	1,161	1,162
Private placement	730	693	758
Capitalised financial leases	114	130	118
Interest-bearing pension liabilities	2	1	1
Total debt	4,735	2,393	5,311
Cash, bank and current deposits	-1,809	-3,400	-2,047
Net debt	2,926	-1,007	3,264

Alfa Laval has a senior credit facility of EUR 301 million and USD 420 million, corresponding to SEK 5,464 million with a banking syndicate. At March 31, 2012 SEK 512 million of the facility was utilised. The facility matures in April 2016, with one one-year extension option. Alfa Laval also has a bilateral term loan with SHB of EUR 25 million, corresponding to SEK 222 million that matures in 2013.

The bilateral term loan with Swedish Export Credit is split on one loan of EUR 100 million that matures in 2014 and one loan of EUR 100 million that matures in 2021. The loan from the European Investment Bank of EUR 130 million matures in 2018. The private placement of USD 110 million matures in 2016.

CHANGES IN CONSOLIDATED EQUITY

SEK millions	First three months 2012	First three months 2011	Full year 2011
At the beginning of the period	15,144	13,582	13,582
Changes attributable to:			
Owners of the parent			
Comprehensive income			
Comprehensive income for the period	521	340	2,812
Transactions with shareholders			
Cancellation of repurchased shares	-	-	-7
Bonus issue of shares	-	-	7
Increase of ownership in subsidiaries with non-controlling interests	-516	-	1
Dividends	-	-	-1,258
	-516	-	-1,257
Subtotal	5	340	1,555
Non-controlling interests			
Comprehensive income			
Comprehensive income for the period	7	8	18
Transactions with shareholders			
Decrease of non-controlling interests	-38	-	-1
Non-controlling interests in acquired companies	-	-	0
Dividends	-8	-	-10
	-46	-	-11
Subtotal	-39	8	7
At the end of the period	15,110	13,930	15,144

Acquisition of businesses

In a press release on September 19, 2011 Alfa Laval communicated its proposal to buy all outstanding shares in its subsidiary Alfa Laval (India) Ltd and seek delisting of the shares from Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The proposal came on the back of regulatory changes in India which requires Alfa Laval (India) Ltd to have a minimum public float of 25 percent or seek delisting. At the time, Alfa Laval held 88.8 percent of the share capital of Alfa Laval (India), meaning the public float was 11.2 percent. The objective is to achieve full ownership of the subsidiary, which will provide Alfa Laval with increased operational flexibility to support the business and meet the customers' needs. Alfa Laval requested that the Board of Directors of Alfa Laval (India) Ltd take all actions required under the delisting regulations, including arranging a postal ballot for the shareholders to consider the delisting proposal. As a part of the process a floor price of INR 2,045 per share for the acquisition of the minority's shares was established. Furthermore Alfa Laval published an indicative offer of INR 2,850 per share. In order for the acquisition to get completed two thirds of all voting minority shareholders must first vote in favour of Alfa Laval's proposal, which happened on November 15, 2011. Then minority shareholders together holding at least 50 percent of the public float must be willing to sell at the final price that Alfa Laval accepts based on a reverse book building process. The reverse book building process was finalised on February 23, 2012 and minority shareholders together holding more than the necessary 50 percent of the public float were willing to sell to Alfa Laval at a price of INR 4,000 per share. The Board of Directors of Alfa Laval AB therefore decided to proceed with the delisting process. Through the acquisition of the 1.03 million shares Alfa Laval has achieved an ownership of 94.5 percent, which enabled Alfa Laval (India) Ltd to apply for delisting from both stock exchanges. The applications have been approved and Alfa Laval (India) Ltd was delisted on April 12, 2012. The cost for the acquisition of the shares has been SEK 553 million. As a part of the process the remaining minority owners can sell their shares to Alfa Laval for INR 4,000 during the next 12 months. If all shareholders in the end sell their shares to Alfa Laval at this exit price the acquisition will incur a consideration of approximately SEK 1,065 million.

If Alfa Laval had not succeeded in achieving an ownership of 94.4 percent the company would have been required to increase the public float to 25 percent latest in June 2013.

The acquisitions during the first three months 2012 can be summarized as follows:

Consolidated	Acquisitions 2012						
	Minority in Alfa Laval (India) Ltd			Others			Total
SEK millions	Book value	Adjustment to fair value	Fair value	Book value	Adjustment to fair value	Fair value	Fair value
Acquired net assets	-	-	-	-	-	-	-
Equity attributable to owners of parent			-516			-	-516
Equity attributable to non-controlling interests			-38			-	-38
Purchase price			-553			-	-553
Costs directly linked to the acquisitions 1)			-6			-	-6
Payment of amounts retained in prior years			-			-41	-41
Effect on the Group's liquid assets			-559			-41	-600

1. Refers to fees to lawyers, due diligence and assisting counsel. Has been expensed as other operating costs.

Parent company

The parent company's result after financial items was SEK 36 (22) million, out of which net interests SEK 35 (20) million, realised and unrealised exchange rate gains and losses SEK -0 (-0) million, costs related to the listing SEK -1 (-1) million, fees to the Board SEK -3 (-2) million, cost for annual report and annual general meeting SEK -0 (-1) million and other operating income and operating costs the remaining SEK 5 (6) million.

PARENT COMPANY INCOME *

	First three months		Full year
SEK millions	2012	2011	2011
Administration costs	-4	-4	-11
Other operating income	6	6	6
Other operating costs	-1	0	-5
Operating income	1	2	-10
Revenues from interests in group companies	-	-	2,084
Interest income and similar result items	35	20	115
Interest expenses and similar result items	0	0	-2
Result after financial items	36	22	2,187
Appropriation to tax allocation reserve	-	-	-115
Tax on this year's result	-9	-6	-110
Net income for the period	27	16	1,962

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

PARENT COMPANY FINANCIAL POSITION

	March 31		December 31
SEK millions	2012	2011	2011
ASSETS			
Non-current assets			
Shares in group companies	4,669	4,669	4,669
Current assets			
Receivables on group companies	9,150	8,192	9,287
Other receivables	95	43	42
Cash and bank	-	-	-
	9,245	8,235	9,329
TOTAL ASSETS	13,914	12,904	13,998
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Restricted equity	2,387	2,387	2,387
Unrestricted equity	9,694	8,980	9,668
	12,081	11,367	12,055
Untaxed reserves			
Tax allocation reserves, taxation 2006-2012	1,549	1,434	1,549
Current liabilities			
Liabilities to group companies	282	87	393
Accounts payable	2	0	0
Tax liabilities	-	16	1
Other liabilities	0	-	0
	284	103	394
TOTAL EQUITY AND LIABILITIES	13,914	12,904	13,998

Owners and shares

Owners and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 35,076 (36,514) shareholders on March 31, 2012. The largest owner is Tetra Laval B.V., the Netherlands who owns 26.1 (18.7) percent. The increase in ownership is to 0.1 percent due to the cancellation of the shares repurchased by the company and for the remaining part to the acquisitions of shares that Tetra Laval B.V. made in the third and fourth quarters 2011. Next to the largest owner there are nine institutional investors with ownership in the range of 7.1 to 0.9 percent. These ten largest shareholders own 51.4 (44.2) percent of the shares.

Proposed disposition of earnings

The Board of Directors propose a dividend of SEK 3.25 (3.00) per share corresponding to SEK 1,363 (1,258) million and that the remaining income available for distribution in Alfa Laval AB (publ) of SEK 8,305 (7,706) million be carried forward.

Repurchase of shares

The Annual General Meeting 2011 gave the Board a mandate to decide on repurchase of the company's shares – if the Board deems this appropriate – until the next Annual General Meeting. The mandate referred to repurchase of up to 5 percent of the issued shares with the purpose to cancel the repurchased shares and reduce the share capital. The repurchase would be made through purchases on OMX Nordic Exchange Stockholm. Until March 31, 2012 Alfa Laval has not made any repurchases.

Proposal on repurchase of shares

Alfa Laval's financial position is very strong. In order to adjust this to a more efficient structure while maintaining financial flexibility, 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 5 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 Stock Exchange.

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 2011 is still correct.

Asbestos-related lawsuits

The Alfa Laval Group was as of March 31, 2012, named as a co-defendant in a total of 688 asbestos-related lawsuits with a total of approximately 774 plaintiffs. Alfa Laval strongly believes the claims against the Group are without merit and intends to vigorously contest each lawsuit.

Based on current information and Alfa Laval's understanding of these lawsuits, Alfa Laval continues to believe that these lawsuits will not have a material adverse effect on the Group's financial condition or results of operation.

Accounting principles

The interim report for the first quarter 2012 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.

"First quarter" and "First three months" both refer to the period January 1 to March 31. "Full year" refers to the period January 1 to December 31. "Last 12 months" refers to the period April 1, 2011 to March 31, 2012. "The corresponding period last year" refers to the first quarter 2011. "Previous quarter" refers to the fourth quarter 2011.

In the report the measures adjusted EBITA and adjusted EBITDA are used. Adjusted EBITA is defined as earnings before interests, taxes, amortisation of step up values and comparison distortion items. Adjusted EBITDA is defined as earnings before interests, taxes, depreciation, amortisation of step up values and comparison distortion items.

The accounting and valuation principles of the parent company comply with the Swedish Annual Accounts Act and the recommendation RFR 2 "Accounting for legal entities" issued by the Council for Financial Reporting in Sweden.

Date for the next financial reports

Alfa Laval will publish interim reports during 2012 at the following dates:

Interim report for the second quarter	July 17
Interim report for the third quarter	October 23

The interim report has been issued on April 23, 2012 at CET 12.30 by the President and Chief Executive Officer Lars Renström by proxy from the Board of Directors.

Lund, April 23, 2012,

Lars Renström
President and Chief Executive Officer
Alfa Laval AB (publ)

Alfa Laval in brief

Food, energy and environment

Alfa Laval has developed products since the 1880s, with the vision of creating better everyday conditions for people. Alfa Laval's products are particularly topical in today's world, where increasing focus is being placed on identifying ways to save energy and protect the environment. This involves treating water, reducing carbon emissions and minimizing water and energy consumption, as well as heating, cooling, separating and transporting food – areas that impact us all in various ways.

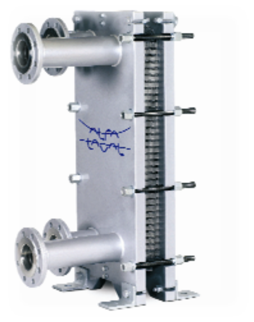
Three key technologies to fulfill basic needs

Alfa Laval is a leading global supplier of products and solutions for heat transfer, separation and fluid handling. The company's key products – heat exchangers, boilers, separators, pumps and valves – play a vital role in areas that are crucial for society, such as energy, the environment and food. Alfa Laval's products are used in the manufacturing of food, chemicals, pharmaceuticals, starch, sugar and ethanol. They are also used in nuclear power, onboard vessels and in the engineering sector, mining industry and refinery sector, as well as for treating wastewater and creating a comfortable indoor climate. They also reduce the consumption of energy and water and minimize carbon emissions.

Factors for future growth

There are some clearly positive trends in the world: average life expectancy is constantly increasing, reaching nearly 70 years and global poverty is continuously decreasing. However, everything is related and on the minus side are the negative effects on the environment. Emissions generated by industry, international trade and growing urbanization are thus being met by increasing numbers of regulatory systems and laws in the field of energy and the environment. For Alfa Laval, all of these are factors for future growth. The company's products and expertise contribute to improving conditions for people in their everyday lives. This involves treating water, reducing carbon emissions, reducing water and energy consumption, and heating, cooling, separating and transporting food. Alfa Laval's factors for future growth have thus been established in four defined areas: Energy, Food, Globalization (International Trade) and the Environment. They are areas crucial to human development in which we already make or can make an even more positive impact.

1. Growing demand for energy requires efficient solutions.
2. Higher standards of living boosts demand for processed food.
3. More international trade drives demand for transportation.
4. Intensified focus on the environment generates opportunities for Alfa Laval.



1. Heat transfer

2. Separation

3. Fluid handling