

Fourth quarter and full year 2015



Summary

SEK millions	Fourth quarter				Full year			
	2015	2014	%	%*	2015	2014	%	%*
Order intake	9,422	10,509	-10	-11	37,098	36,660	1	-5
Net sales	10,805	10,775	0.3	-2	39,746	35,067	13	7
Adjusted EBITA	1,751	1,938	-10		6,811	5,891	16	
- adjusted EBITA margin (%)	16.2	18.0			17.1	16.8		
Result after financial items	1,390	1,175	18		5,444	4,117	32	
Net income for the period	935	911	3		3,861	2,968	30	
Earnings per share (SEK)	2.22	2.15	3		9.15	7.02	30	
Cash flow **	1,875	1,690	11		5,850	5,123	14	
Impact on EBITA of:								
- foreign exchange effects	80	97			450	70		
Impact on result after financial items of:								
- comparison distortion items	-	-			-	-320		

* Excluding currency effects. ** From operating activities.

Comment from Lars Renström, President and CEO

"The order intake was 9.4 billion – a sequential upturn with 8.5 percent, mainly explained by an exceptionally strong order intake for marine pumping systems, driven by the ship owners' advanced orders. This advancement is expected to influence the first quarter negatively concerning the demand for pumping systems with about 1.2 billion. The other marine business is expected to be unchanged.

Process Technology's order intake decreased somewhat sequentially, while it was unchanged for the Equipment division. Within Marine & Diesel the order intake increased for both capital sales and the aftermarket.

Also Asia benefitted from the strong development for the pumping systems. However, excluding pumping systems the order intake in the region was unchanged and in China it decreased somewhat due to a non-recurring large food order. The U.S. had a positive development for both large projects and the base business.

The full year 2015 was a successful year from several aspects. Sales and operating result increased with 13 and 16 percent respectively to new record levels. Earnings per share rose by 30 percent. At the same time a strong cash flow contributed to lowering the net debt to EBITDA to slightly more than 1.5."

Outlook for the first quarter

"We expect that demand during the first quarter 2016 will be somewhat lower than in the fourth quarter, excluding a substantially lower demand for pumping systems."

Earlier published outlook (October 27, 2015): "We expect that demand during the fourth quarter 2015 will be in line with or somewhat higher than in the third quarter."

In addition it can be noted that Tom Erixon will replace Lars Renström as President and Chief Executive Officer of Alfa Laval AB (publ) as per March 1, 2016.

The Board of Directors will propose a dividend of SEK 4.25 (4.00) per share to the Annual General Meeting.

The fourth quarter and full year 2015 report has been reviewed by the company's auditors, see page 25 for the review report.

Management's discussion and analysis

Important events during the fourth quarter

Large orders¹⁾ in the fourth quarter

Division	Customer segment	Delivery date	Order amount	Total per segment	
	Scope of supply			Q4 2015	Q4 2014
			SEK millions		
Process Technology					
Energy & Process					
	Air heat exchangers to a refinery in Spain.	2016	65		
	Air coolers to a power plant in the US.	2016	60		
	Compact heat exchangers to a Liquid Natural Gas plant in the US.	2016	60		
	Alfa Laval Packinox heat exchangers to a petrochemical plant in South Korea.	2017	170	355	705
Food Technology & Life Science					
	A complete process line for a vegetable protein extraction plant in India.	2016	50		
	Various pieces of equipment to a brewery plant in Mexico.	2016	210	260	75
Marine & Diesel					
Marine & Offshore Pumping Systems					
	Framo power generator systems to an oil platform located in the Johan Sverdrup field in the North Sea.	2016	100		
	Framo pumping systems to an oil platform in the UK.	2016	100	200	-
Total				815	780

Order intake

Orders received has amounted to SEK 9,422 (10,509) million for the fourth quarter and to SEK 37,098 (36,660) million for the full year 2015.

Compared with earlier periods the development per quarter has been as follows.



1. Orders with a value over EUR 5 million.

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

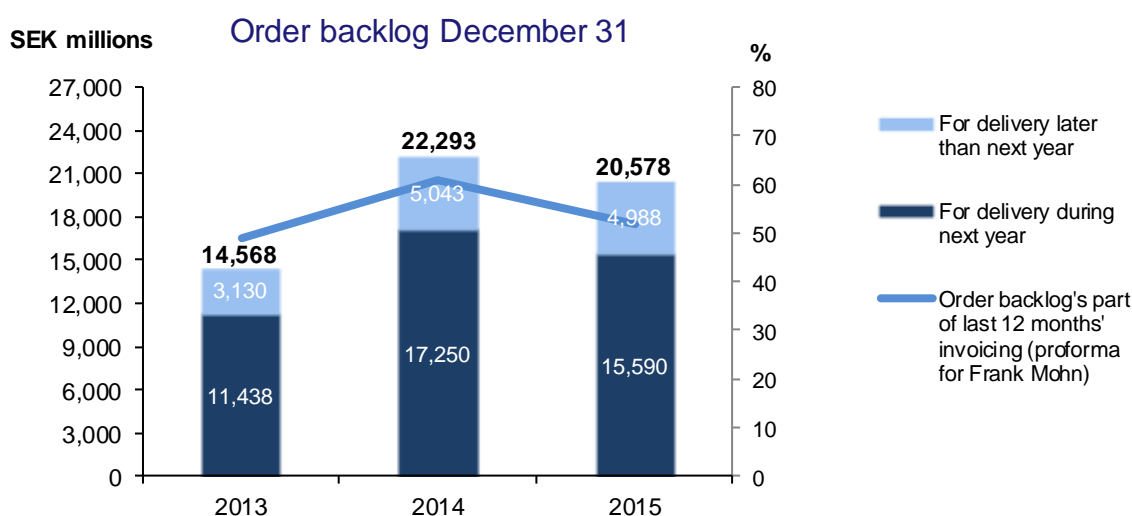
	Consolidated	Order bridge						Order intake Current periods SEK millions
		Order intake Prior periods SEK millions	Change			After currency effects		
			Excluding currency effects			Currency effects	Total	
		Structural change ²⁾ (%)	Organic development ³⁾ (%)	Total (%)	(%)	(%)		
Q4 2015/2014	10,509	0.1	-11.1	-11.0	0.7	-10.3	9,422	
Q4/Q3 2015	8,686	0.0	10.9	10.9	-2.4	8.5	9,422	
YTD 2015/2014	36,660	6.8	-11.6	-4.8	6.0	1.2	37,098	

Orders received from the aftermarket Service⁴ constituted 28.1 (24.5) percent of the Group's total orders received during the fourth quarter and 28.6 (25.8) percent during the full year 2015.

Excluding currency effects, the order intake for Service increased by 0.5 percent during the fourth quarter 2015 compared to the corresponding quarter last year (the

corresponding organic development was a decrease by 0.2 percent) and increased with 0.3 percent compared to the previous quarter (the corresponding organic development was the same). For the full year 2015 the increase was 3.8 percent compared to last year (the corresponding organic development was a decrease by 1.5 percent).

Order backlog



Excluding currency effects and adjusted for acquisition of businesses the order backlog was

11.9 percent smaller than the order backlog at the end of 2014.

- Acquired businesses are: K-Bar Parts LLC (renamed to Alfa Laval Kathabar Inc) in the US at July 31, 2015, an aftermarket company specialized in separation technology at July 3, 2015, CorHex Corp at November 4, 2014 and Frank Mohn AS at May 22, 2014.
- Change excluding acquisition of businesses.
- Parts and service.

Net sales

Net invoicing was SEK 10,805 (10,775) million for the fourth quarter and SEK 39,746 (35,067) million for the full year 2015. The change

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

	Consolidated	Sales bridge					Net sales Current periods SEK millions	
		Net sales Prior periods SEK millions	Change			After currency effects		
			Excluding currency effects Structural change (%)	Organic development (%)	Total (%)	Currency effects (%)		Total (%)
Q4 2015/2014	10,775	0.2	-1.8	-1.6	1.9	0.3	10,805	
Q4/Q3 2015	9,693	0.0	12.3	12.3	-0.8	11.5	10,805	
YTD 2015/2014	35,067	8.1	-1.2	6.9	6.4	13.3	39,746	

Net invoicing relating to Service constituted 27.0 (26.2) percent of the Group's total net invoicing in the fourth quarter and 26.6 (27.1) percent in the full year 2015.

Excluding currency effects, the net invoicing for Service increased by 0.3 percent during the fourth quarter 2015 compared to the corresponding quarter last year (the corresponding

organic development was a decrease by 0.3 percent) and increased with 16.3 percent compared to the previous quarter (the corresponding organic development was an increase by 16.4 percent). For the full year 2015 the increase was 3.3 percent compared to last year (the corresponding organic development was a decrease by 0.1 percent).

Income

SEK millions	Fourth quarter		Full year	
	2015	2014	2015	2014
Net sales	10,805	10,775	39,746	35,067
Cost of goods sold	-7,377	-7,360	-26,707	-23,347
Gross profit	3,428	3,415	13,039	11,720
Sales costs	-825	-846	-4,107	-3,862
Administration costs	-716	-705	-1,813	-1,738
Research and development costs	-200	-221	-756	-790
Other operating income *	177	266	495	554
Other operating costs *	-369	-244	-1,149	-1,224
Share of result in joint ventures	-12	-5	8	7
Operating income	1,483	1,660	5,717	4,667
Dividends and changes in fair value	33	23	33	30
Interest income and financial exchange rate gains	3	-28	404	420
Interest expense and financial exchange rate losses	-129	-480	-710	-1,000
Result after financial items	1,390	1,175	5,444	4,117
Taxes	-455	-264	-1,583	-1,149
Net income for the period	935	911	3,861	2,968
Other comprehensive income:				
Items that will subsequently be reclassified to net income				
Cash flow hedges	156	-497	-195	-621
Market valuation of external shares	2	0	2	0
Translation difference	-256	-700	-1,056	439
Deferred tax on other comprehensive income	-74	276	20	220
Sum	-172	-921	-1,229	38
Items that will subsequently not be reclassified to net income				
Revaluations of defined benefit obligations	407	-476	332	-476
Deferred tax on other comprehensive income	-73	71	-47	71
Sum	334	-405	285	-405
Comprehensive income for the period	1,097	-415	2,917	2,601
Net income attributable to:				
Owners of the parent	933	900	3,839	2,946
Non-controlling interests	2	11	22	22
Earnings per share (SEK)	2.22	2.15	9.15	7.02
Average number of shares	419,456,315	419,456,315	419,456,315	419,456,315
Comprehensive income attributable to:				
Owners of the parent	1,096	-435	2,903	2,563
Non-controlling interests	1	20	14	38

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

The gross profit has been positively affected by procurement variations and negatively by lower utilisation in certain factories and negative price/mix changes. The exchange rate effects in the gross profit included negative effects with SEK 40 million from retranslation of operating capital items in foreign currencies in local balance sheets, due to currency movements during the quarter and mainly the appreciation of the USD in

relation to NOK.

Sales and administration expenses amounted to SEK 1,541 (1,551) million during the fourth quarter and SEK 5,920 (5,600) million during the full year 2015. Excluding currency effects and acquisition of businesses, sales and administration expenses were 0.2 percent and 1.1 percent lower respectively than the corresponding periods

last year. The corresponding figure when comparing the fourth quarter 2015 with the previous quarter is an increase with 9.3 percent.

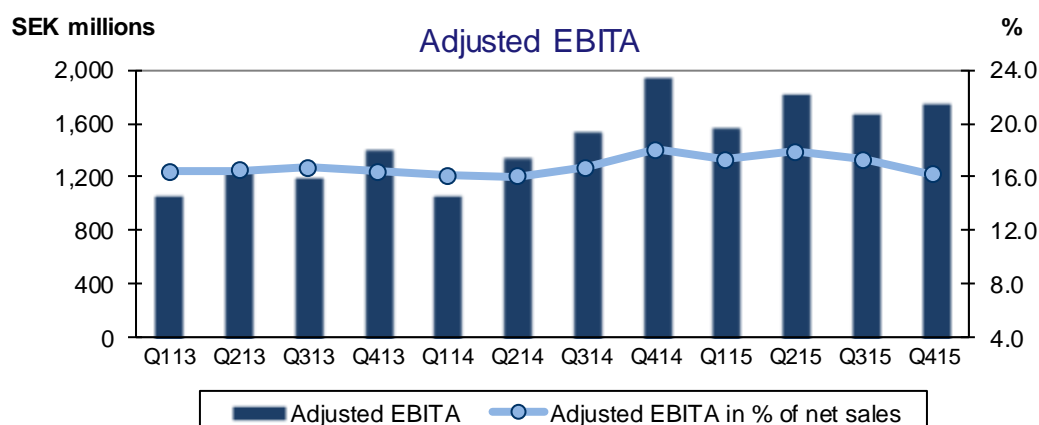
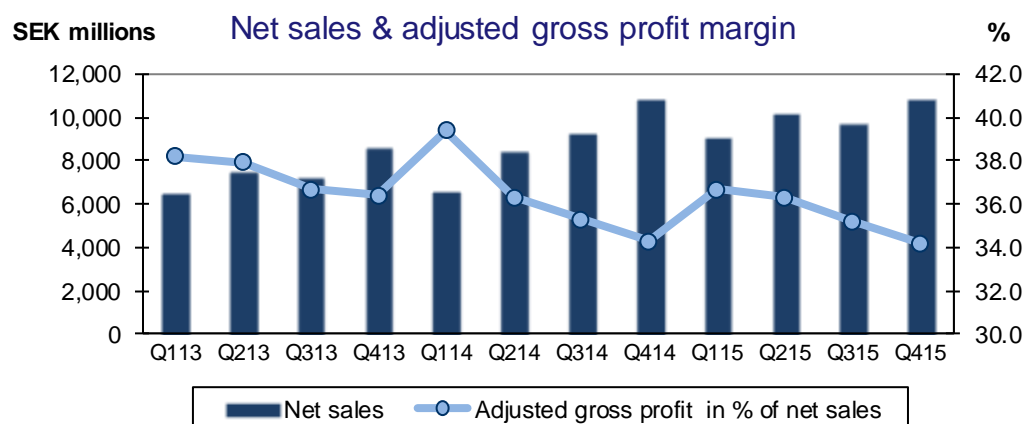
The costs for research and development during the full year 2015 corresponded to 1.9 (2.3) percent of net sales. Excluding currency effects and acquisition of businesses, the costs for research and development have decreased by 9.6 percent during the fourth quarter and by 8.2

percent during the full year 2015 compared to the corresponding periods last year. The decrease is explained by the earlier decided efficiency programme.

The net income attributable to the owners of the parent, excluding depreciation of step-up values and the corresponding tax, was SEK 11.02 (8.56) per share for the full year 2015.

Consolidated SEK millions	Income analysis			
	Fourth quarter		Full year	
	2015	2014	2015	2014
Net sales	10,805	10,775	39,746	35,067
Adjusted gross profit *	3,696	3,693	14,133	12,624
- in % of net sales	34.2	34.3	35.6	36.0
Expenses **	-1,764	-1,586	-6,655	-6,168
- in % of net sales	16.3	14.7	16.7	17.6
Adjusted EBITDA	1,932	2,107	7,478	6,456
- in % of net sales	17.9	19.6	18.8	18.4
Depreciation	-181	-169	-667	-565
Adjusted EBITA	1,751	1,938	6,811	5,891
- in % of net sales	16.2	18.0	17.1	16.8
Amortisation of step up values	-268	-278	-1,094	-904
Comparison distortion items	-	-	-	-320
Operating income	1,483	1,660	5,717	4,667

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



Comparison distortion items

The operating income has been affected by comparison distortion items of SEK - (-320) million for the full year 2015. Comparison distortion items are reported gross in the comprehensive income statement as a part of other operating income and other operating costs.

The comparison distortion cost in 2014 of SEK - 320 million related to a cost reduction programme of SEK -260 million and one time acquisition costs in connection with the acquisition of Frank Mohn AS of SEK -60 million.

Consolidated	Comparison distortion items			
	Fourth quarter		Full year	
	2015	2014	2015	2014
SEK millions				
Operational				
Other operating income	177	266	495	554
Comparison distortion income	-	-	-	-
Total other operating income	177	266	495	554
Other operating costs	-369	-244	-1,149	-904
Comparison distortion costs	-	-	-	-320
Total other operating costs	-369	-244	-1,149	-1,224

Consolidated financial net and taxes

The financial net for the full year 2015 has amounted to SEK -177 (-184) million, excluding realised and unrealised exchange rate losses and gains. The main elements of costs were interest on the debt to the banking syndicate and on the bridge loan of SEK -15 (-56) million, interest on the bilateral term loans of SEK -77 (-79) million, interest on the private placement of SEK -9 (-11) million, interest on the commercial papers of SEK -1 (-5) million, interest on the corporate bonds of SEK -83 (-27) million and a net of dividends and other interest income and interest costs of SEK 8 (-6) million. The net of realised and unrealised exchange rate differences has amounted to SEK -96 (-366) million, out of which

SEK -440 million of the figure for 2014 related to realised and unrealised exchange rate losses in Frank Mohn on currency forward contracts that were not possible to link directly to the operational exposure of the business.

The tax on the result after financial items was SEK -455 (-264) million in the fourth quarter and SEK -1,583 (-1,149) million for the full year. The tax cost for the quarter included items of about SEK -90 million of non-recurring character relating to adjustments of deferred taxes, amongst others due to reduced company taxes in certain countries and decreased tax assets.

Key figures

Consolidated	Key figures	
	December 31	
	2015	2014
Return on capital employed (%) *	21.6	20.5
Return on equity capital (%) *	21.7	17.6
Solidity (%) **	35.5	30.8
Net debt to EBITDA, times *	1.56	2.46
Debt ratio, times **	0.63	0.88
Number of employees **	17,417	17,753

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

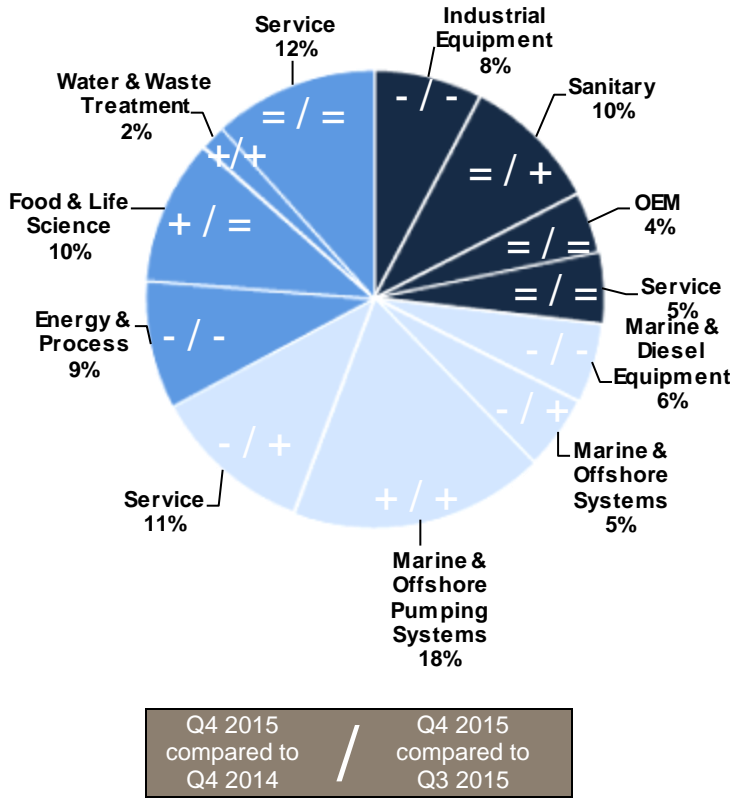
Please note that all key figures calculated on a 12 months' revolving basis have not been proforma

adjusted for the acquisition of Frank Mohn AS.

Business divisions

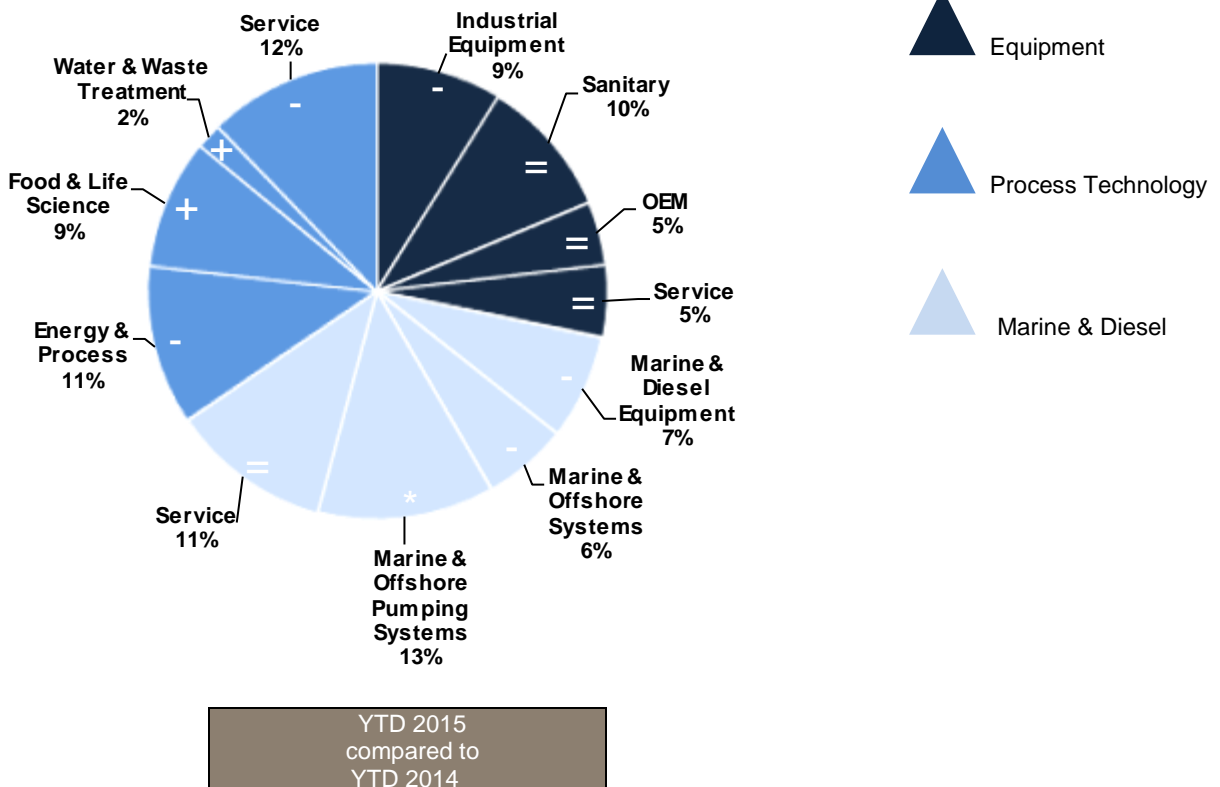
The development of the order intake for the divisions and their customer segments appears in the following chart.

Orders received by customer segment Q4 2015



+ increase
 - decrease
 = unchanged (+/- 3%)
 at constant rates adjusted for acquisition of businesses
 * New customer segment, no comparison figures exist.

Orders received by customer segment YTD 2015



Equipment division

Consolidated SEK millions	Fourth quarter		Full year	
	2015	2014	2015	2014
Orders received	2,526	2,523	10,472	9,867
Order backlog*	1,637	1,571	1,637	1,571
Net sales	2,694	2,629	10,500	9,787
Operating income**	325	407	1,321	1,320
Operating margin	12.1%	15.5%	12.6%	13.5%
Depreciation and amortisation	61	54	218	188
Investments	24	26	61	59
Assets*	6,339	6,424	6,339	6,424
Liabilities*	973	764	973	764
Number of employees*	2,552	2,667	2,552	2,667

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

Consolidated %	Change excluding currency effects					
	Order intake			Net sales		
	Structural change	Organic development	Total	Structural change	Organic development	Total
Q4 2015/2014	-	-3.6	-3.6	-	-1.4	-1.4
Q4/Q3 2015	-	-0.3	-0.3	-	1.2	1.2
YTD 2015/2014	-	-1.8	-1.8	-	-0.6	-0.6

All comments below are excluding currency effects.

Order intake

Overall order intake was flat in the fourth quarter compared to the third. This reflected good demand in Sanitary, while Industrial Equipment declined somewhat. OEM was unchanged and demand for spare parts and services remained on the same high level as in the previous quarter. Geographically, the development was good in Asia, the U.S., Nordic, France and Adriatic, while China, Central & Eastern Europe and Latin America declined.

The **Sanitary** segment had a good quarter with order growth from customers in food applications as well as from customers buying products for pharmaceutical production. The main explanatory factor for the decline in **Industrial Equipment**

was the situation in Russia and changes from direct sales to sales via distributors. At the same time the order intake for products within Refrigeration was good and Fluids & Utility also recorded growth. Demand for air products recovered from the third quarter. The **OEM** segment saw a good development across many of its traditional products such as brazed and fusion-bonded heat exchangers. Demand for products for construction equipment declined.

Operating income

The decrease in operating income for Equipment during the fourth quarter 2015 compared to the corresponding period last year is mainly explained by negative price/mix effects due to among others a changed structure within the sales organisation and a lower utilisation in certain factories, partly compensated by lower costs.

Process Technology division

Consolidated	Fourth quarter		Full year	
	2015	2014	2015	2014
SEK millions				
Orders received	3,089	3,928	12,795	14,271
Order backlog*	7,226	8,440	7,226	8,440
Net sales	4,101	4,356	14,511	14,410
Operating income**	640	636	1,899	2,230
Operating margin	15.6%	14.6%	13.1%	15.5%
Depreciation and amortisation	99	88	366	325
Investments	60	43	156	111
Assets*	10,832	11,893	10,832	11,893
Liabilities*	3,812	4,237	3,812	4,237
Number of employees*	5,242	5,342	5,242	5,342

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

Consolidated	Change excluding currency effects					
	Order intake			Net sales		
%	Structural change	Organic development	Total	Structural change	Organic development	Total
Q4 2015/2014	-0.1	-23.0	-23.1	0.0	-8.4	-8.4
Q4/Q3 2015	0.0	-4.5	-4.5	0.0	19.1	19.1
YTD 2015/2014	0.0	-17.2	-17.2	0.1	-6.4	-6.3

All comments below are excluding currency effects.

Order intake

In the fourth quarter the division saw a slight decline in order intake compared to the third quarter. The Energy & Process segment was somewhat weaker. Water & Waste Treatment showed strong growth, while both Food & Life Science and Service were unchanged. Geographically, Europe, Asia as well as Latin America saw a slight contraction, while North America grew thanks to large orders.

Energy & Process declined amid a continued cautious sentiment in the industries related to the hydrocarbon chain. The segment's base business was unchanged, supported by market unit Inorganics, Metals & Paper. A continued drop in the oil price had a negative impact on the drilling-related activities in the quarter, while the larger midstream part only saw a very small contraction. Refinery declined due to a non-repeat large order, while Petrochemicals remained on the same level as in the third quarter. Meanwhile, market unit Power showed a strong development. There was a mixed picture in the overall unchanged **Food & Life Science** segment. The segment had strong growth in Protein and Brewery, the latter due to a very large order in Latin America, whereas the vegetable oil and

food-related businesses declined. The base business development was very favourable, benefitting most market units. Order intake in the **Water & Waste Treatment** segment showed strong growth in the quarter compared to the previous quarter, primarily driven by North America.

The **Service** segment was unchanged. Demand from up- and midstream declined, but downstream activity was strong. Water & Waste Treatment also noted a strong development while Food & Life Science was unchanged.

Operating income

The increase in operating income for Process Technology during the fourth quarter 2015 compared to the corresponding period last year is explained by positive foreign exchange effects and lower operating costs, partly mitigated by a lower 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 SEK millions	Fourth quarter		Full year	
	2015	2014	2015	2014
Orders received	3,807	4,058	13,831	12,522
Order backlog*	11,715	12,282	11,715	12,282
Net sales	4,010	3,790	14,735	10,870
Operating income**	778	737	2,999	2,019
Operating margin	19.4%	19.4%	20.4%	18.6%
Depreciation and amortisation	191	211	806	591
Investments	25	24	131	84
Assets*	22,905	25,299	22,905	25,299
Liabilities*	4,966	4,132	4,966	4,132
Number of employees*	3,176	3,127	3,176	3,127

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

Consolidated	Change excluding currency effects					
	Order intake			Net sales		
%	Structural change	Organic development	Total	Structural change	Organic development	Total
Q4 2015/2014	0.4	-4.4	-4.0	0.4	5.6	6.0
Q4/Q3 2015	-	37.2	37.2	-	13.9	13.9
YTD 2015/2014	20.6	-13.7	6.9	23.6	7.7	31.3

All comments below are excluding currency effects.

Order intake

Order intake for the Marine & Diesel division increased in the fourth quarter compared to the third, explained by higher demand for both capital sales and service.

The **Marine & Diesel Equipment** segment saw a decline in order intake compared to the previous quarter amid lower demand for equipment going into new ships. The drop in marine orders was only partly offset by increased demand for equipment for diesel power plants. The demand for environmental solutions was unchanged. The **Marine & Offshore Systems** segment recorded higher order intake for systems for new ships due to a favourable mix among vessels being ordered. The demand for offshore systems dropped due to a non-repeat of a large order, booked in the previous quarter. **Marine & Offshore Pumping Systems** saw considerably

higher demand for marine as well as offshore applications. Higher yard contracting of chemical tankers and product tankers during the latter part of 2015 resulted in increased order intake. The very high order intake for tankers is explained by new requirements on ships as of yearend, which has resulted in advanced orders. In addition, two large offshore orders were booked.

Service had a higher order intake than the previous quarter due to higher activity for parts sales as well as service for pumping systems.

Operating income

The increase in operating income for Marine & Diesel during the fourth quarter 2015 compared to the corresponding period last year is explained by a higher sales volume, partly mitigated by a negative price/mix effect, higher costs for sales and administration and higher amortisations on step-up values related to the acquisition of Frank Mohn.

Operations and Other

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

overhead and non-core businesses.

Consolidated	Fourth quarter		Full year	
	2015	2014	2015	2014
SEK millions				
Orders received	0	0	0	0
Order backlog*	0	0	0	0
Net sales	0	0	0	0
Operating income**	-232	-87	-438	-529
Depreciation and amortisation	98	94	371	365
Investments	169	112	326	349
Assets*	5,797	5,906	5,797	5,906
Liabilities*	2,359	3,974	2,359	3,974
Number of employees*	6,447	6,617	6,447	6,617

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

The worsened operating income in the fourth quarter is mainly explained by costs for among

others change projects and non-recurring income from pensions during 2014.

Reconciliation between divisions and Group total

Consolidated	Fourth quarter		Full year	
	2015	2014	2015	2014
SEK millions				
Operating income				
Total for divisions	1,511	1,693	5,781	5,040
Comparison distortion items	-	-	-	-320
Consolidation adjustments *	-28	-33	-64	-53
Total operating income	1,483	1,660	5,717	4,667
Financial net	-93	-485	-273	-550
Result after financial items	1,390	1,175	5,444	4,117
Assets **				
Total for divisions	45,873	49,522	45,873	49,522
Corporate ***	6,024	6,264	6,024	6,264
Group total	51,897	55,786	51,897	55,786
Liabilities **				
Total for divisions	12,110	13,107	12,110	13,107
Corporate ***	21,364	25,477	21,364	25,477
Group total	33,474	38,584	33,474	38,584

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

Information about products and services

Consolidated	Net sales by product/service *			
	Fourth quarter		Full year	
	2015	2014	2015	2014
SEK millions				
Own products within:				
Separation	2,206	2,177	7,886	7,222
Heat transfer	4,760	4,788	17,372	16,587
Fluid handling	2,539	2,412	9,866	6,933
Other	376	235	1,194	862
Associated products	447	668	1,786	1,915
Services	477	495	1,642	1,548
Total	10,805	10,775	39,746	35,067

* 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 fourth quarter

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

Alfa Laval Sigma 9 decanter centrifuge



Recovering more olive oil of better quality than any other decanter centrifuge of comparable size

The new Sigma 9 decanter centrifuge is the first in the new Sigma range, specially designed to ensure maximized oil recovery, along with cost-effective operation throughout the olive oil processing chain. The new design features a specific focus on clarification, extraction, dewatering and classification on the first and second extraction (re-milling). The design of Sigma decanter centrifuges is specially configured and optimized for two-phase olive oil extraction. Benefits in short:

- Special conveyor designed to improve solids transportation and maximize oil recovery, resulting in greater output than any other decanter centrifuge of comparable size.
- Special flight designed for more effective oil migration to the liquid outlet, resulting in better yields and oil clarification by avoiding turbulence.
- Fully protected feed zone.
- 360° solids discharge outlet made of tungsten carbide, providing exceptional protection against wear.

- Tungsten carbide tiles on conveyor, for special wear protection that significantly reduces maintenance costs.
- Compact design with small footprint, so Sigma 9 units can be fitted into even small spaces.

The Sigma 9 is the latest addition to the Alfa Laval range of compact, efficient decanter centrifuges specially designed to help customers process olive oil more effectively and profitably.

Alfa Laval Aalborg EGR-HPE



A new Aalborg economizer that can turn NOx compliance into profit

Exhaust Gas Recirculation (EGR) is a key strategy for complying with IMO's regulations for NOx emissions. When combined with the new Alfa Laval Aalborg EGR-HPE (High-Pressure Economizer), it offers the potential for massive energy savings as well. Developed by Alfa Laval in close cooperation with MAN Diesel & Turbo, the Aalborg EGR-HPE is an economizer specifically designed for the harsh conditions in the EGR circuit. EGR involves directing exhaust gas back into the engine, which lowers the combustion temperature and reduces NOx emissions. The Aalborg EGR-HPE recovers the

waste heat that would otherwise be lost in this process. The Aalborg EGR-HPE is integrated to be part of the steam system producing service steam or to boost the performance of the waste heat recovery system. Revolutionary in both concept and construction, the Aalborg EGR-HPE boiler paves the way for extraordinary energy savings. Benefits in short:

- Utilization of heat energy that would otherwise be lost during EGR.
- Delivery of high-quality service steam or greatly increased turbine power generation.
- Effective waste heat recovery at lower engine loads.

Alfa Laval PureSOx inline



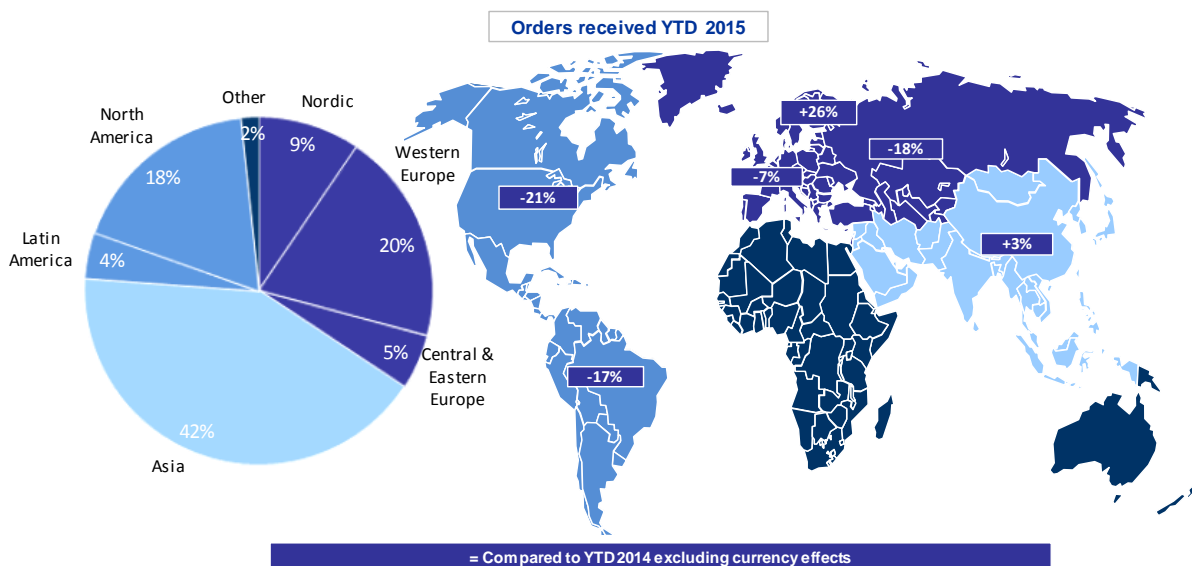
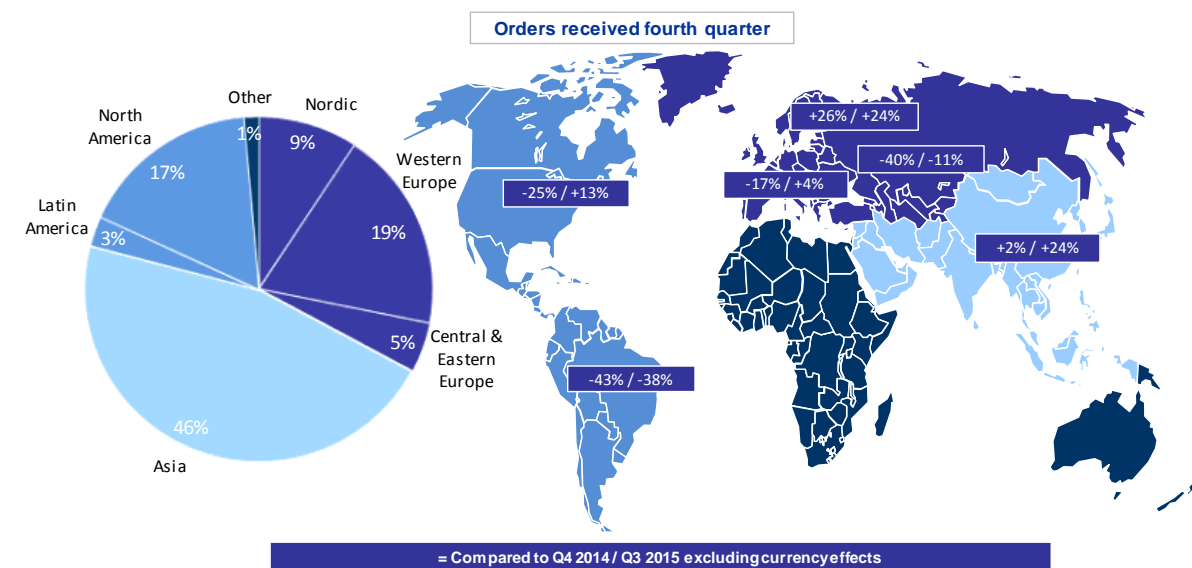
The Alfa Laval PureSOx exhaust gas cleaning system is the most frequently selected system for SOx compliance in marine Emission Control Areas (ECAs). With the launch of an inline I-design scrubber, it has become an even more flexible choice. The new I-design builds on the proven PureSOx scrubber technology, which has been available since 2012 in a U-design with separate jet and absorber sections. The I-design provides an alternative for vessels with more complex structural needs, such as certain cruise ships and

RoPax vessels. On these vessels, space and stability issues can pose more difficult challenges. Benefits in short:

- Slim inline scrubber design to resolve space and stability issues.
- Multiple inlets to let one scrubber handle multiple exhaust gas sources.
- Reflux option to prevent discolouration from dirty water droplets.
- Open-loop, closed-loop or hybrid scrubber arrangements.
- Effective water cleaning when operating in closed loop.

New design options for the leading marine SOx scrubber

Information by region



All comments are excluding currency effects.

Western Europe including Nordic

Order intake increased in the fourth quarter compared with the third for large projects and base business* alike. Among the segments, Marine & Diesel Equipment and Food & Life Science had a particularly positive development. Demand for Service was also positive across the region. From a regional perspective Nordic, Benelux, France and Iberica developed well while Mid Europe and Adriatic declined.

Central and Eastern Europe

The region reported a decrease in order intake in the fourth quarter compared to the third, due to a low base business and fewer large orders. Service was the exception, reporting a very strong order intake across the three divisions. Within the region, Poland/Baltics and Central Europe reported growth compared to third

quarter, while Russia saw a significant decrease amid a general slowdown in the economy.

North America

The region reported order growth in the fourth quarter compared to the previous quarter amid a positive development for both large projects and the base business in the US. Industrial Equipment, Sanitary, Food & Life Science and Water & Waste Treatment all did well and Energy & Process saw a generally positive development across oil & gas, refinery and petrochemicals.

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

Latin America

Order intake dropped in the fourth quarter compared to the third, mainly due to a weak development in Brazil with cancellations within oil & gas. On a positive note, Mexico reported a record strong quarter thanks to a very large brewery order and good order intake for Service in the Process Technology division.

Asia

Order intake showed a very positive development during the fourth quarter compared to the third. This was due to a very strong demand for Framo pumping systems in China, South Korea and Japan, following an increase in contracting of product and chemical carriers during the second half of 2015. The capital sales base business in the region had a positive development, whilst Service was on the same level as in the third quarter. Excluding pumping systems, order intake in the region was on the same level as in the previous quarter. Energy & Process had the strongest performance, lifted by a large petrochemical order in South Korea. The

segment also benefited from some larger orders in Thailand and China for petrochemical and nuclear applications. The Marine & Offshore Systems segment also performed well in the quarter, with a waste heat recovery system order for eleven mega container ships in South Korea. The segment also saw good demand in Japan, for inert gas systems going into LNG vessels, as well as in China for marine boilers going into product carriers. The best country performance was reported for South Korea and Japan, the latter lifted not only by marine orders but by a broad-based positive development for the Equipment and Process Technology base business. China declined compared to the previous quarter as a large vegetable oil order in the third quarter was not repeated. Overall demand was mixed, with customers still very much in a wait-and-see mode. Nevertheless, Service was flat over the previous quarter, whereas the base business in the Process Technology division showed a strong development.

Consolidated	Net sales			
	Fourth quarter		Full year	
	2015	2014	2015	2014
SEK millions				
To customers in:				
Sweden	225	221	864	820
Other EU	2,746	2,830	9,490	9,153
Other Europe	796	834	2,950	2,575
USA	1,697	1,519	6,725	5,446
Other North America	311	339	1,031	1,105
Latin America	449	602	1,826	2,205
Africa	94	132	337	364
China	1,457	1,183	4,879	3,838
South Korea	1,261	1,372	5,172	3,952
Other Asia	1,625	1,612	5,991	5,122
Oceania	144	131	481	487
Total	10,805	10,775	39,746	35,067

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	
	December 31	
	2015	2014
SEK millions		
Sweden	1,337	1,440
Denmark	4,374	4,680
Other EU	3,992	4,216
Norway	12,986	14,747
Other Europe	166	194
USA	4,510	4,434
Other North America	123	122
Latin America	271	371
Africa	2	1
Asia	2,986	3,086
Oceania	87	89
Subtotal	30,834	33,380
Other long-term securities	28	30
Pension assets	4	6
Deferred tax asset	1,765	1,986
Total	32,631	35,402

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 4.2 (3.7) percent of net sales.

Cash flows

CONSOLIDATED CASH FLOWS

SEK millions	Fourth quarter		Full year	
	2015	2014	2015	2014
Operating activities				
Operating income	1,483	1,660	5,717	4,667
Adjustment for depreciation and amortisation	449	447	1,761	1,469
Adjustment for other non-cash items	0	38	-231	-83
	1,932	2,145	7,247	6,053
Taxes paid	-431	-393	-1,577	-1,418
	1,501	1,752	5,670	4,635
Changes in working capital:				
Increase(-)/decrease(+) of receivables	9	-377	426	-282
Increase(-)/decrease(+) of inventories	645	277	347	-99
Increase(+)/decrease(-) of liabilities	-98	1	-438	596
Increase(+)/decrease(-) of provisions	-182	37	-155	273
Increase(-)/decrease(+) in working capital	374	-62	180	488
	1,875	1,690	5,850	5,123
Investing activities				
Investments in fixed assets (Capex)	-278	-205	-674	-603
Divestment of fixed assets	14	75	25	76
Acquisition of businesses	0	-50	-73	-14,443
Divestment of businesses	12	-	12	-
	-252	-180	-710	-14,970
Financing activities				
Received interests and dividends	61	47	124	114
Paid interests	-68	-75	-316	-281
Realised financial exchange gains	11	45	157	94
Realised financial exchange losses	52	-337	-288	-360
Dividends to owners of the parent	-	-	-1,678	-1,573
Dividends to non-controlling interests	0	-1	-18	-5
Increase(-) of financial assets	-183	0	-311	0
Decrease(+) of financial assets	0	-30	0	54
Increase of loans	600	984	3,400	17,634
Amoritisation of loans	-1,862	-2,164	-6,299	-5,427
	-1,389	-1,531	-5,229	10,250
Cash flow for the period	234	-21	-89	403
Cash and cash equivalents at the beginning of the period	1,660	1,975	2,013	1,446
Translation difference in cash and cash equivalents	-18	59	-48	164
Cash and cash equivalents at the end of the period	1,876	2,013	1,876	2,013
Free cash flow per share (SEK) *	3.87	3.60	12.25	-23.48
Capex in relation to sales	2.6%	1.9%	1.7%	1.7%
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 full year 2015 cash flows from operating and investing activities amounted to SEK 5,140 (-9,847) million. Depreciation, excluding allocated step-up values, was SEK 667 (565) million during the full year 2015.

Divestments of businesses of SEK 12 (-) million relates to the sale of a small real estate company that was included in the acquisition of Frank Mohn.

Financial position and equity

CONSOLIDATED FINANCIAL POSITION

SEK millions	December 31	
	2015	2014
ASSETS		
Non-current assets		
Intangible assets	26,054	28,306
Property, plant and equipment	4,773	5,004
Other non-current assets	1,804	2,092
	32,631	35,402
Current assets		
Inventories	7,405	7,883
Assets held for sale	9	6
Accounts receivable	5,796	6,684
Other receivables	3,001	2,995
Derivative assets	158	106
Other current deposits	1,021	697
Cash and cash equivalents *	1,876	2,013
	19,266	20,384
TOTAL ASSETS	51,897	55,786
SHAREHOLDERS' EQUITY AND LIABILITIES		
Equity		
Owners of the parent	18,302	17,077
Non-controlling interests	121	125
	18,423	17,202
Non-current liabilities		
Liabilities to credit institutions etc	12,484	16,454
Provisions for pensions and similar commitments	1,931	2,221
Provision for deferred tax	2,925	3,074
Other non-current liabilities	521	660
	17,861	22,409
Current liabilities		
Liabilities to credit institutions etc	2,019	1,251
Accounts payable	2,664	2,904
Advances from customers	3,136	3,796
Other provisions	1,798	1,862
Other liabilities	5,424	5,507
Derivative liabilities	572	855
	15,613	16,175
Total liabilities	33,474	38,584
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	51,897	55,786

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

Consolidated	Financial assets and liabilities at fair value		
	Valuation hierarchy	December 31	
SEK millions	level	2015	2014
Financial assets			
Other long term securities	1 and 2	28	30
Bonds and other securities	1	768	532
Derivative assets	2	165	176
Financial liabilities			
Derivative liabilities	2	675	972

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

Consolidated	Borrowings and net debt	
	December 31	
SEK millions	2015	2014
Credit institutions	107	2,981
Swedish Export Credit	2,970	2,975
European Investment Bank	2,240	2,332
Private placement	921	864
Commercial papers	1,000	999
Corporate bonds	7,265	7,554
Capitalised financial leases	82	73
Interest-bearing pension liabilities	0	0
Total debt	14,585	17,778
Cash, bank and current deposits	-2,897	-2,710
Net debt	11,688	15,068

Alfa Laval has a senior credit facility of EUR 400 million and USD 544 million, corresponding to SEK 8,217 million with a banking syndicate. At December 31, 2015 the facility was not utilised. The facility matures in June 2019, with two one year extension options.

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

The bilateral term loans with Swedish Export Credit consist of one loan of EUR 100 million that matures in June 2017 and one loan of EUR 100

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

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

The private placement of USD 110 million matures in April 2016.

The commercial paper programme is SEK 2,000 million, out of which nominally SEK 1,000 million with 3-5 months duration was utilised at December 31, 2015.

CHANGES IN CONSOLIDATED EQUITY

SEK millions	Full year	
	2015	2014
At the beginning of the period	17,202	16,162
Changes attributable to:		
Owners of the parent		
Comprehensive income		
Comprehensive income for the period	2,903	2,563
Transactions with shareholders		
Dividends	-1,678	-1,573
	-1,678	-1,573
Subtotal	1,225	990
Non-controlling interests		
Comprehensive income		
Comprehensive income for the period	14	38
Transactions with shareholders		
Non-controlling interests in acquired companies	-	17
Dividends	-18	-5
	-18	12
Subtotal	-4	50
At the end of the period	18,423	17,202

Acquisition of businesses

Alfa Laval has as from July 3, 2015 acquired 100 percent of an aftermarket company specialized in separation technology. The company will remain a separate organisation and offer its own parts and services under its own brand name. On a whole year basis revenues are estimated to amount to about SEK 50 million this year. The acquisition is in line with the strategy of the Alfa Laval Group of acquiring companies that complement the existing business in terms of products, geography or in the form of new sales channels. In this case the Alfa Laval Group adds

a complementary aftermarket channel. "With the acquisition we are adding presence in an important niche of the aftermarket," says Lars Renström, President and CEO of the Alfa Laval Group.

On July 31, 2015 Alfa Laval has acquired 100 percent of K-Bar Parts LLC, which is a small aftermarket company in the US. The company has since then been renamed to Alfa Laval Kathabar Inc.

The acquisitions during the full year 2015 can be summarized as follows. Please observe that the

purchase price allocations for the two acquisitions during 2015 are still preliminary.

Consolidated	Acquisitions 2015		
	Total		
	Book value	Adjustment to fair value	Fair value
SEK millions			
Trademarks ⁽¹⁾	-	35	35
Inventory	50	-	50
Accounts receivable	2	-	2
Other receivables	12	-	12
Accounts payable	-1	-	-1
Other liabilities	-40	-	-40
Deferred tax	-	-6	-6
Acquired net assets	23	29	52
Goodwill ⁽²⁾			19
Purchase price			-71
Costs directly linked to the acquisitions ⁽³⁾			-2
Payment of amounts retained in prior years			0
Effect on the Group's liquid assets			-73

1. The step up value for trademarks is amortised over 10 years.
2. The goodwill is relating to estimated synergies in procurement, logistics and corporate overheads and the companies' ability to over time recreate its intangible assets. The value of the goodwill is still preliminary.
3. 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 1,051 (1,659) million, out of which dividends from subsidiaries SEK 1,070 (1,630) million, net interests SEK 0 (33) million, realised and unrealised exchange rate gains and losses SEK -8 (10) million, costs related to the listing

SEK -4 (-4) million, fees to the Board SEK -7 (-7) million, cost for annual report and annual general meeting SEK -2 (-2) million and other operating income and operating costs the remaining SEK 2 (-1) million.

PARENT COMPANY INCOME *

SEK millions	Fourth quarter		Full year	
	2015	2014	2015	2014
Administration costs	-4	-4	-13	-13
Other operating income	-3	-6	2	3
Other operating costs	0	-1	0	-4
Operating income	-7	-11	-11	-14
Revenues from interests in group companies	1,001	1,500	1,070	1,630
Interest income and similar result items	1	9	7	51
Interest expenses and similar result items	-7	-1	-15	-8
Result after financial items	988	1,497	1,051	1,659
Change of tax allocation reserve	156	-65	156	-65
Group contributions	59	947	59	947
Result before tax	1,203	2,379	1,266	2,541
Tax on this year's result	-47	-198	-46	-205
Net income for the period	1,156	2,181	1,220	2,336

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

PARENT COMPANY FINANCIAL POSITION

SEK millions	December 31	
	2015	2014
ASSETS		
Non-current assets		
Shares in group companies	4,669	4,669
Current assets		
Receivables on group companies	9,581	10,120
Other receivables	143	51
Cash and cash equivalents	-	-
	9,724	10,171
TOTAL ASSETS	14,393	14,840
SHAREHOLDERS' EQUITY AND LIABILITIES		
Equity		
Restricted equity	2,387	2,387
Unrestricted equity	9,557	10,015
	11,944	12,402
Untaxed reserves		
Tax allocation reserves, taxation 2009-2016	1,145	1,301
Current liabilities		
Commercial papers	-	999
Liabilities to group companies	1,304	138
Accounts payable	0	0
	1,304	1,137
TOTAL EQUITY AND LIABILITIES	14,393	14,840

Owners and shares

Owners and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group. The company had 37,097 (40,505) shareholders on December 31, 2015. The largest owner is Tetra Laval B.V., the Netherlands who owns 26.1 (26.1) percent. Next to the largest owner there are nine institutional investors with ownership in the range of 6.5 to 0.7 percent. These ten largest shareholders owned 57.4 (55.5) percent of the shares.

Proposed disposition of earnings

The parent company has unrestricted funds of SEK 9,557 (10,015) million.

The Board of Directors propose a dividend of SEK 4.25 (4.00) per share corresponding to SEK 1,783 (1,678) million and that the remaining income available for distribution in Alfa Laval AB (publ) of SEK 7,774 (8,337) million be carried forward.

The Board of Directors are of the opinion that the proposed dividend is consistent with the requirements that the type and size of operations, the associated risks, the capital needs, liquidity and financial position put on the company.

Risks and other

Material factors of risk and uncertainty

The main factors of risk and uncertainty facing the Group concern the price development of metals, fluctuations in major currencies and the business cycle. It is the company's opinion that the description of risks made in the Annual Report for 2014 is still correct.

Asbestos-related lawsuits

The Alfa Laval Group was as of December 31, 2015, named as a co-defendant in a total of 769 asbestos-related lawsuits with a total of approximately 770 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 fourth quarter 2015 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.

"Fourth quarter" refers to the period October 1 to December 31 and "Full year" refers to the period January 1 to December 31. "The corresponding period last year" refers to the fourth quarter 2014 or the full year 2014 depending on the context. "Previous quarter" refers to the third quarter 2015.

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 report

Alfa Laval will publish interim reports during 2016 at the following dates:

Interim report for the first quarter	April 25
Interim report for the second quarter	July 18
Interim report for the third quarter	October 25

The interim report has been issued on February 2, 2016 at CET 7.30 by the President and Chief Executive Officer Lars Renström by proxy from the Board of Directors.

Lund, February 2, 2016,

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

Review report

Introduction

We have reviewed the summary interim financial information (the fourth quarter and full year report) for Alfa Laval AB (publ) at December 31, 2015 and the twelve months' period then ended. The Board of Directors and the President are responsible for the preparation and presentation of this fourth quarter and full year 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 fourth quarter and full year 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, February 2, 2016,

Håkan Olsson Reising
Authorised Public
Accountant

Helene Willberg
Authorised Public
Accountant