



NEWS RELEASE

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Alfa Laval reduces capacity and costs due to a decline in demand

Alfa Laval has continuously taken measures to adjust capacity and costs to prevailing market conditions. Net sales in the fourth quarter grew some 11 percent, including positive currency effects, providing good support for the profit. However, due to the decline in demand during the fourth quarter and the expectations for 2009, restructuring initiatives have been further intensified. Measures have been launched to reduce the number of employees with about 1 000 globally during the first six months of 2009, some 300 of these are located in Sweden.

Order intake totalled SEK 6.2 billion in the fourth quarter, down 6 percent compared with the same period of 2007, including cancellations in Marine & Diesel and positive currency effects. October order intake was good and above the same period last year. In November demand declined substantially while December showed a certain improvement.

The decline in the quarter was particularly significant in Central & Eastern Europe and Asia. From a market perspective the drop was most significant in Marine and Food while Energy & Environment's positive trend continued. Parts & Service reported growth in the quarter.

Marine & Diesel was influenced by cancellations, representing 7 percent, or about SEK 430 million, of the segment's backlog as per September 30. The deductions of these cancellations are included in the order intake numbers.

The measures, which also include reduction of contract workers, consultants, etc, are estimated to give an annualized saving of approximately SEK 400 million. Non-recurring costs of approximately SEK 300 million are expected for the implementation. Part of these costs will be charged to the fourth quarter.

Quarterly sales reached a record SEK 8.0 billion, bringing net sales for the full year 2008 to SEK 27.8 billion.

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About Alfa Laval

Alfa Laval is a leading global provider of specialized products and engineering solutions based on its key technologies of heat transfer, separation and fluid handling.

The company's equipment, systems and services are dedicated to assisting customers in optimizing the performance of their processes. The solutions help them to heat, cool, separate and transport products in industries that produce food and beverages, chemicals and petrochemicals, pharmaceuticals, starch, sugar and ethanol.

Alfa Laval's products are also used in power plants, aboard ships, in the mechanical engineering industry, in the mining industry and for wastewater treatment, as well as for comfort climate and refrigeration applications.

Alfa Laval's worldwide organization works closely with customers in nearly 100 countries to help them stay ahead in the global arena.

Alfa Laval is listed on the Nordic Exchange, Nordic Large Cap, and, in 2007, posted annual sales of about SEK 25 billion (approx. EUR 2.7 billion). The company has some 12,000 employees.

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