

ALFA
LAW

Today's program

Capital Market Day, September 16, 2003

- **Summary of the interim report Q203**
Sigge Haraldsson
- **The Alfa Laval growth strategy**
Sigge Haraldsson
- **A solid platform for profitable growth - Regions**
Per-Erik Lindquist and Peter Leifland
- **A continued strengthening of our leading position – R&D**
Bjarne Sondergaard
- **Acquisitions – strategy and focus**
Nils Olof Björk
- **Questions and Answers**

Summary of Interim report Q203

Mr. Sigge Haraldsson
President and CEO
Alfa Laval Group

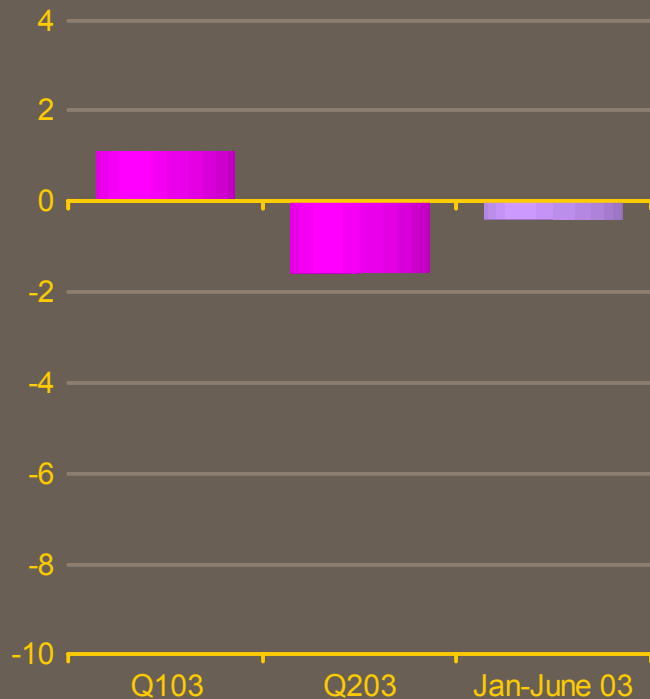
Highlights

Q203

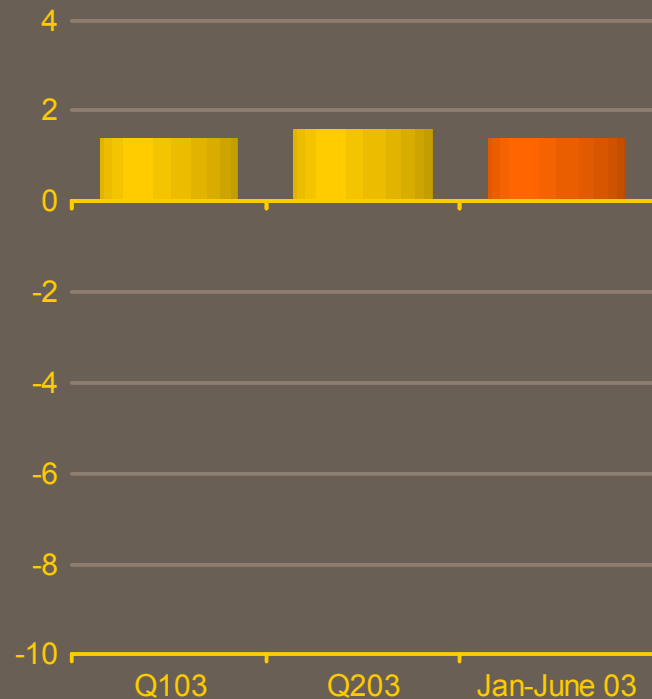
- Order intake: 3,554 MSEK
- Net sales: 3,402 MSEK

Q on Q vs. last year (excl FX)

Orders received



Net sales

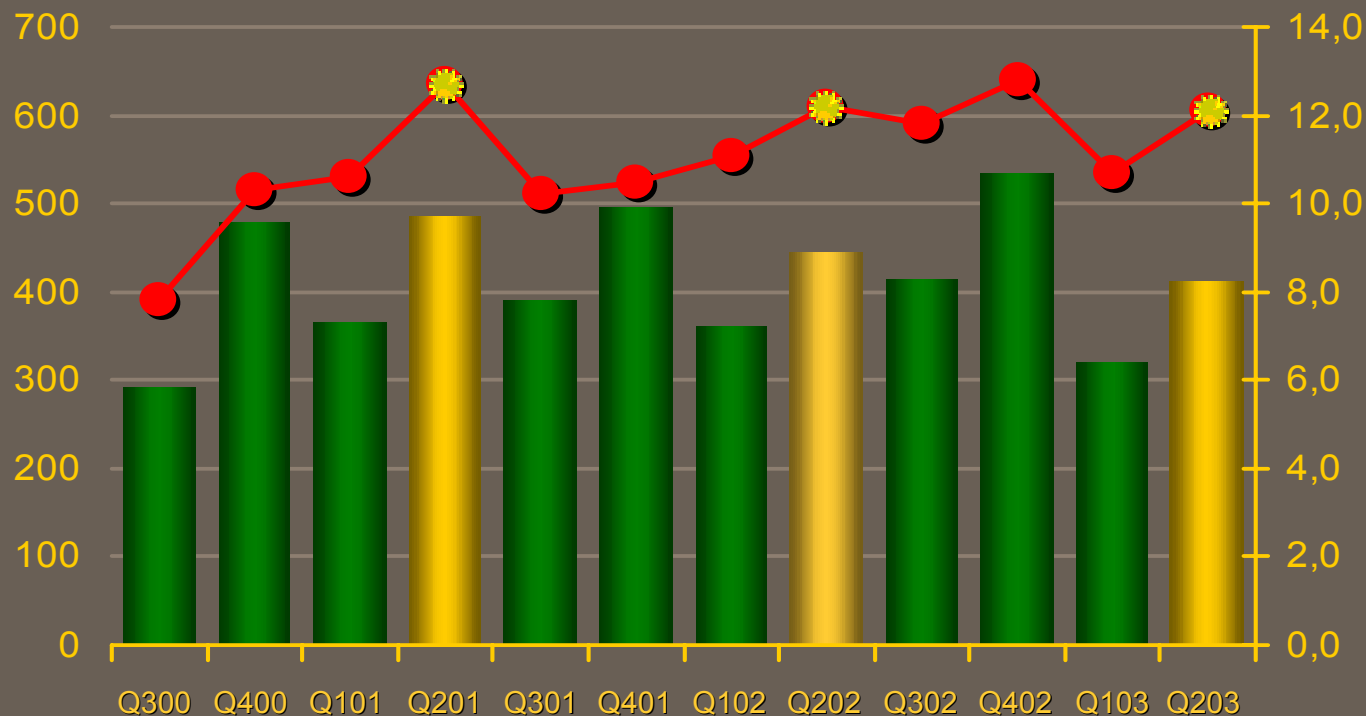


Highlights

Q203	● Order intake:	3,554 MSEK
	● Net sales:	3,402 MSEK
	● Adjusted EBITA / margin:	412 MSEK / 12.1 %

Adjusted EBITA / margin *

MSEK and in percent of sales



* Adjusted EBITA – "Earnings before interests, taxes, amortization of goodwill and step up values and comparison distortion items."

Highlights

Q203	● Order intake:	3,554 MSEK
	● Net sales:	3,402 MSEK
	● Adjusted EBITA / margin:	412 MSEK / 12.1 %
	● Profit before tax:	214 MSEK

Highlights

Q203	● Order intake:	3,554 MSEK
	● Net sales:	3,402 MSEK
	● Adjusted EBITA / margin:	412 MSEK / 12.1 %
	● Profit before tax:	214 MSEK
H103	● Adjusted EBITA / margin:	734 MSEK / 11.5 %

Adjusted EBITA

MSEK	Q2	H1
2002	445	807
2003	412	734
Deviation	- 33	- 73
FX. translation	28	60
FX. transaction	35	55
Deviation excl FX	+ 30	+ 42

Highlights

Q203	● Order intake:	3,554 MSEK
	● Net sales:	3,402 MSEK
	● Adjusted EBITA / margin:	412 MSEK / 12.1 %
	● Profit before tax:	214 MSEK
H103	● Adjusted EBITA / margin:	734 MSEK / 11.5 %
	● Profit before tax:	355 MSEK
	● Cash flow from operating activities:	650 MSEK
	● ROCE:	20.9 %

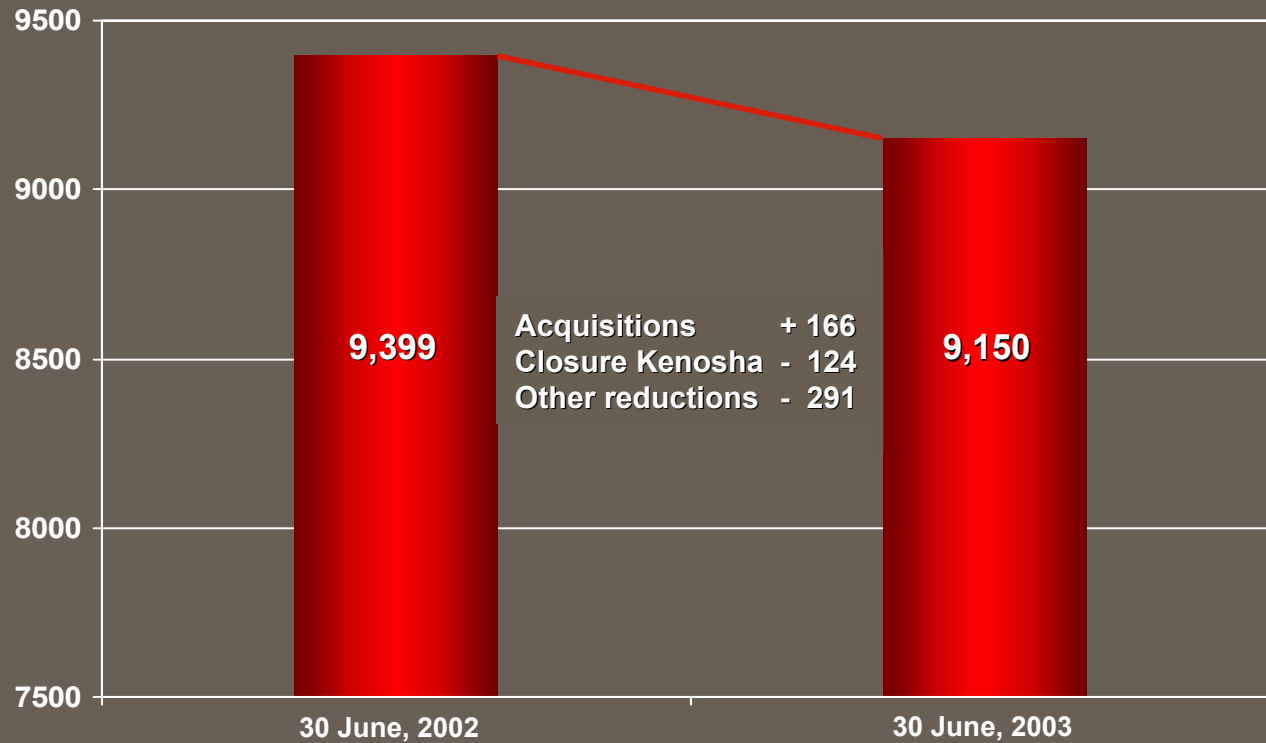
“Beyond Expectations”

- Other Projects
- BOM & NPR
- Org. re-design
- Shared Services
- Manufacturing



In the P&L, MSEK 725

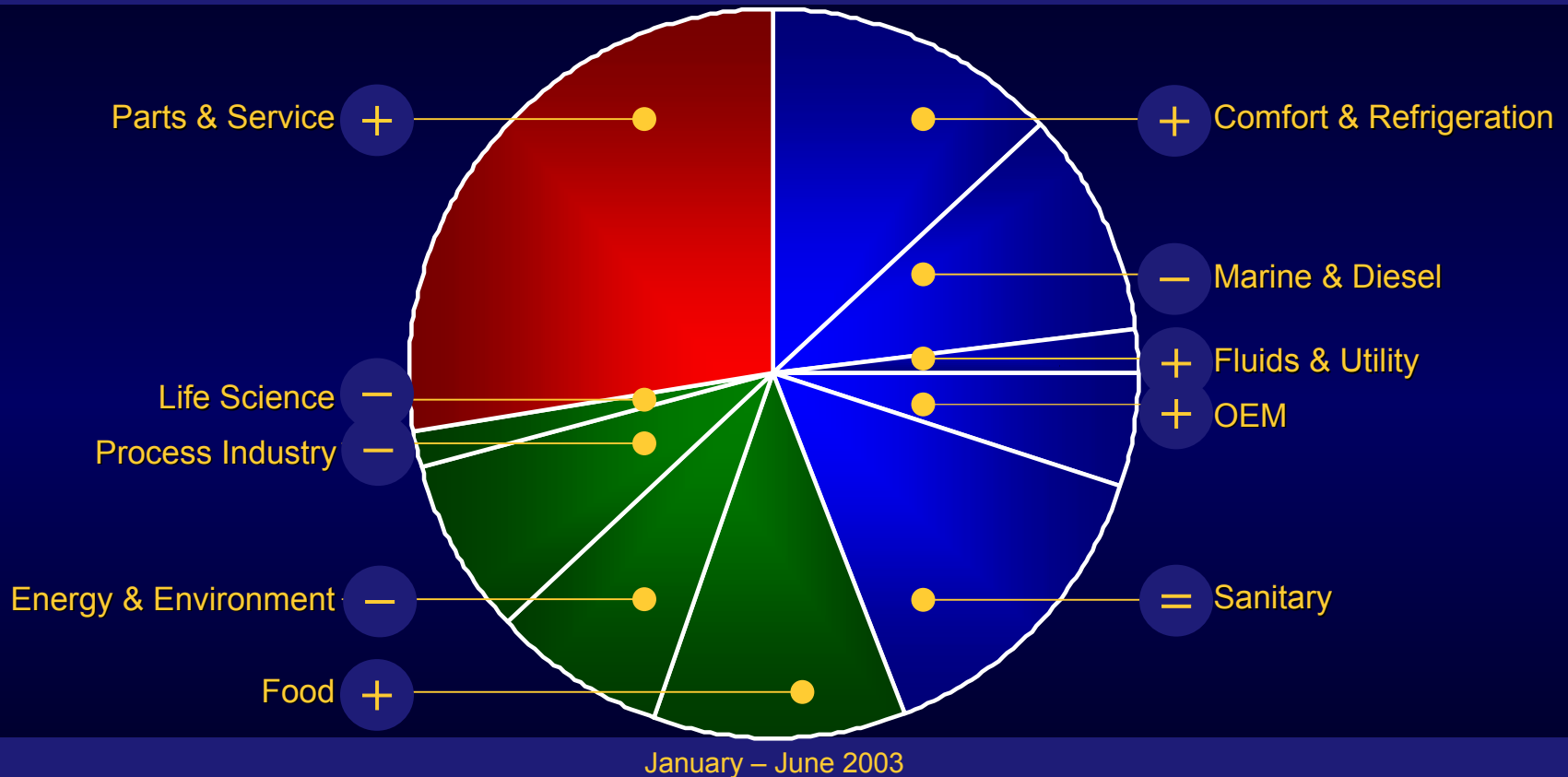
Number of employees



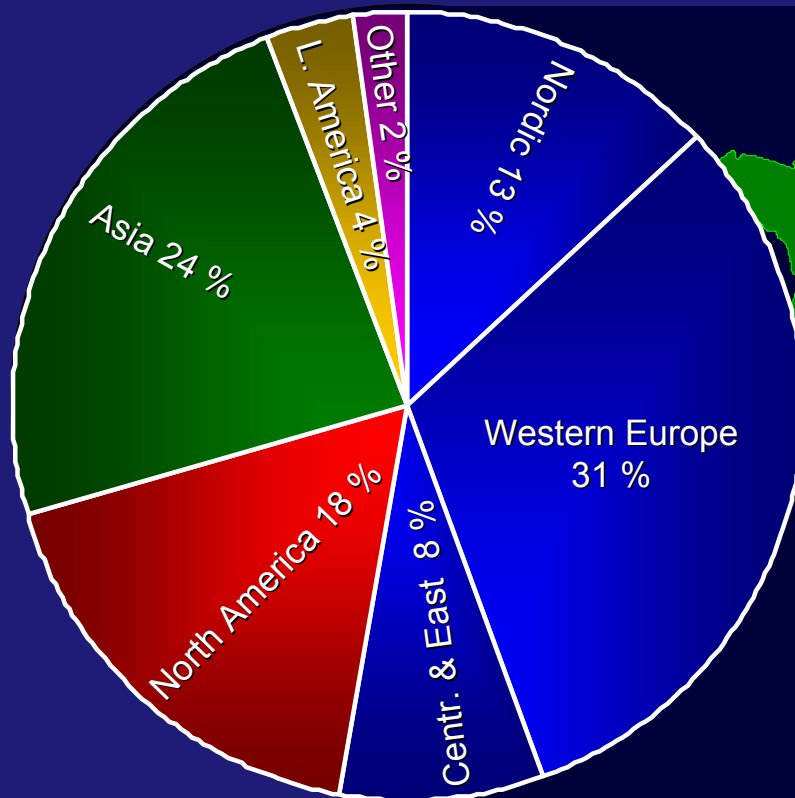
Asbestos-related lawsuits in the US

- **Alfa Laval Inc. was as of June 30, 2003 named co-defendant in a total of 109 asbestos-related lawsuits with a total of approximately 20 200 plaintiffs. The lawsuits filed in Mississippi account for approximately 99% of all plaintiffs.**
- **Developments between March 31 and June 30, 2003:**
 - 15 lawsuits have been resolved during the period, which gives a grand total of 52 lawsuits that have been resolved;
 - 27 additional lawsuits with a total of approximately 2 700 plaintiffs.
- **Alfa Laval continues to believe:**
 - that claims and defense costs against Alfa Laval Inc. will be covered by insurance policies;
 - that these lawsuits will not have a material adverse effect on the company's financial condition or result of operation.

Orders Received by Segment



Orders Received by Region



January – June 2003



Outlook 2003

“Order intake will show a limited increase during the year. Additional savings initiatives will reduce the impact from foreign exchange exposures. Profit before tax will show a major improvement.”

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The Alfa Laval growth strategy

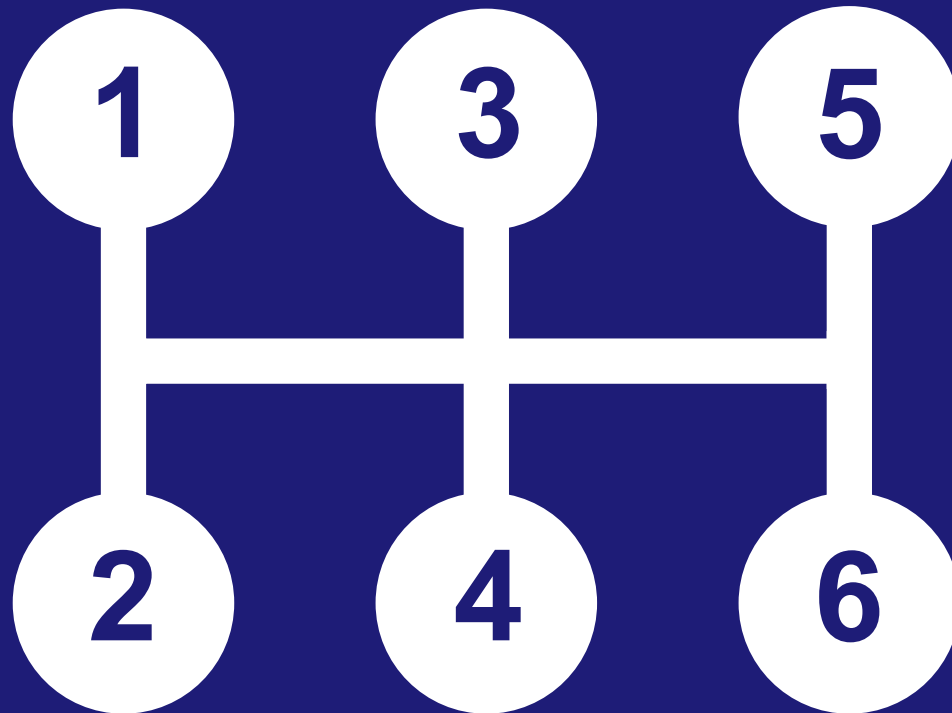
Mr. Sigge Haraldsson
President and CEO
Alfa Laval Group

Our Mission



To optimise the performance
of our customers' processes.
Time and time again.

Accelerating growth: The six step Alfa Laval gearbox



The drivers behind Alfa Laval's growth strategy

- 
- 1st gear:** Existing range of products
 - 2nd gear:** Market-driven R&D
 - 3rd gear:** Focus on customer segments
 - 4th gear:** Strong commitment to Parts & Service
 - 5th gear:** Exploitation of new market concepts
 - 6th gear:** Ambition to add new core products

What does it all add up to?

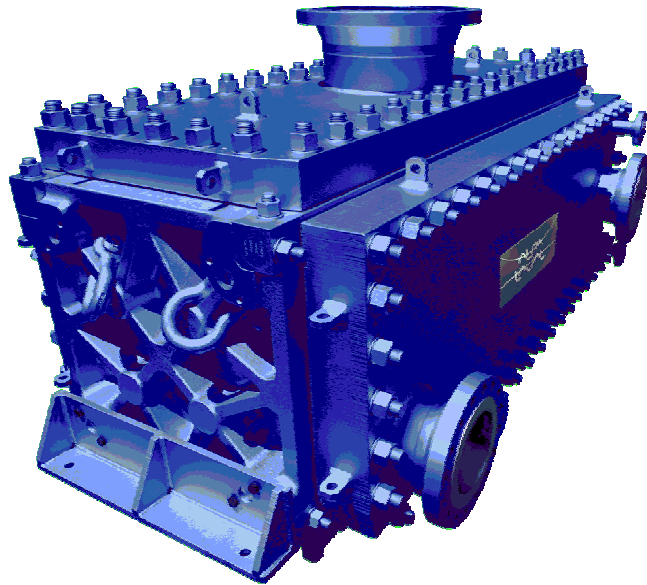
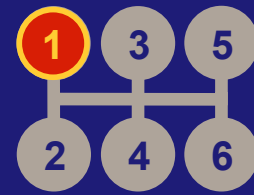


All six gears should give us an annual average growth of 5% over a business cycle.

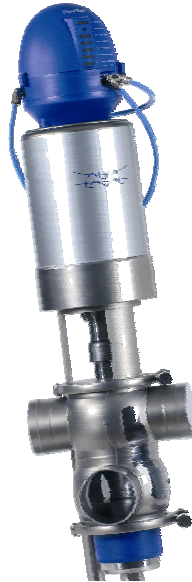
The six step gearbox process



Continued improvement



Compabloc



**Think Top
valve**

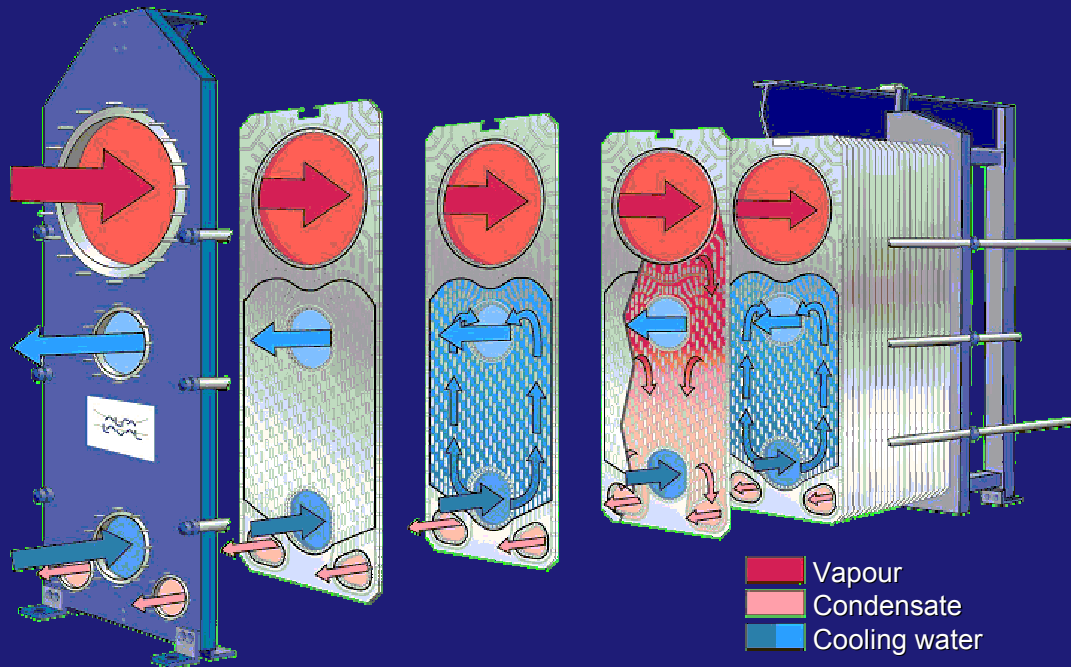
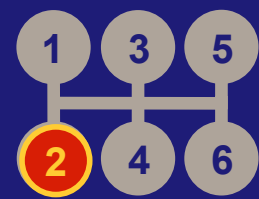


**Brazed heat
exchanger**



Separation unit

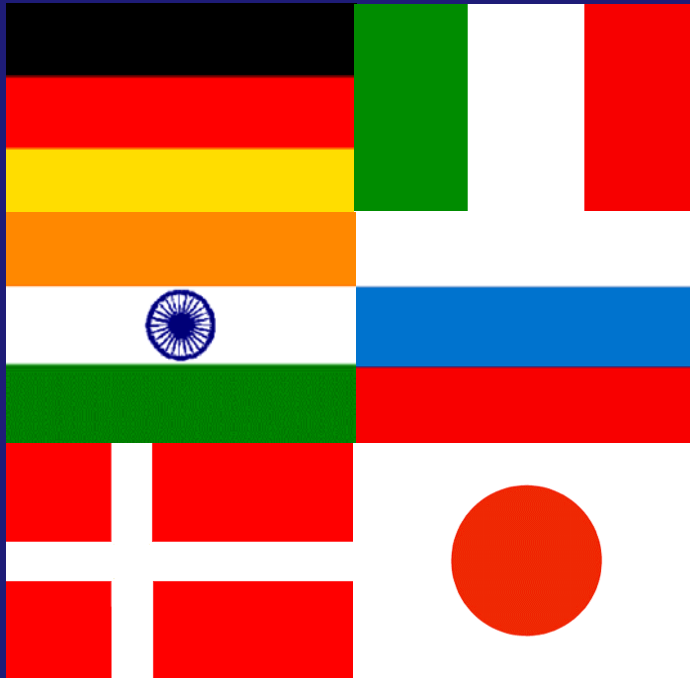
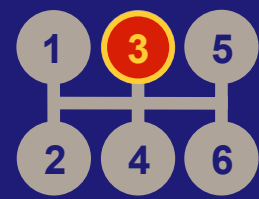
AlfaCond



- The world's first tailor-made plate condenser.
- Efficient and compact.

Adding value:

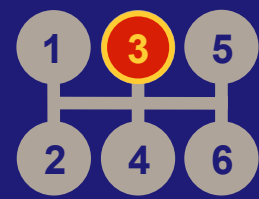
Market penetration



- Sales through Sales Companies in 50 countries and through external sales channels;
- About 300 new sales channels added during 2002, most of them in Germany, Japan, India, Denmark, Italy and Russia.

Adding value:

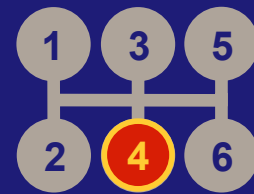
Complementary acquisitions



Toftejorg

- Annual sales of about 210 MSEK.
- Approx. 100 employees in R&D, manufacturing and sales.
- Sales companies in Sweden, Norway, Germany, UK, France, USA and Singapore.
- Sales by geographical area; Europe 52%, USA/Americas 15%, Asia 33%.





Nonstop Performance

- The house with well defined offers -

Performance agreements

Upgrading

Audits &
Consulting

Cleaning &
chemicals

Monitoring

Reconditioning
& Repair

Training

Exchange
Parts/assemblies

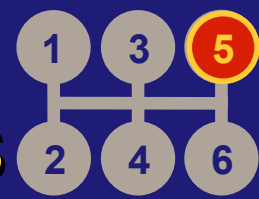
Maintenance
tools

Genuine Spare Parts

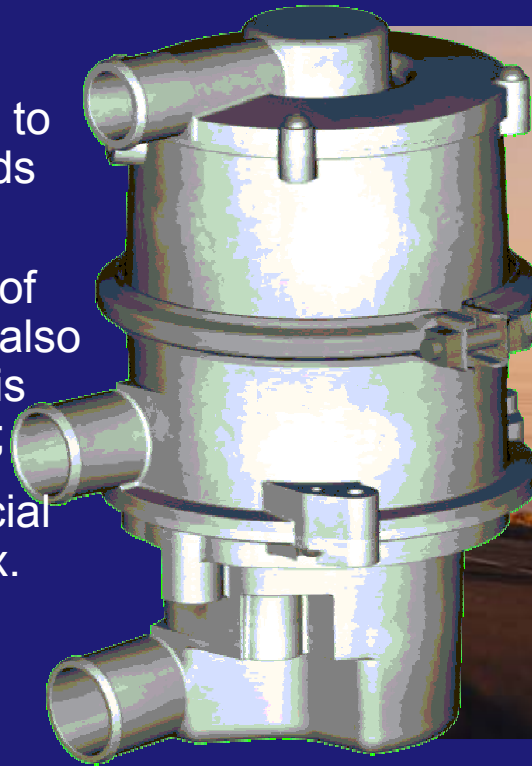
Global Network

Local Service

Cleaning of crankcase gases

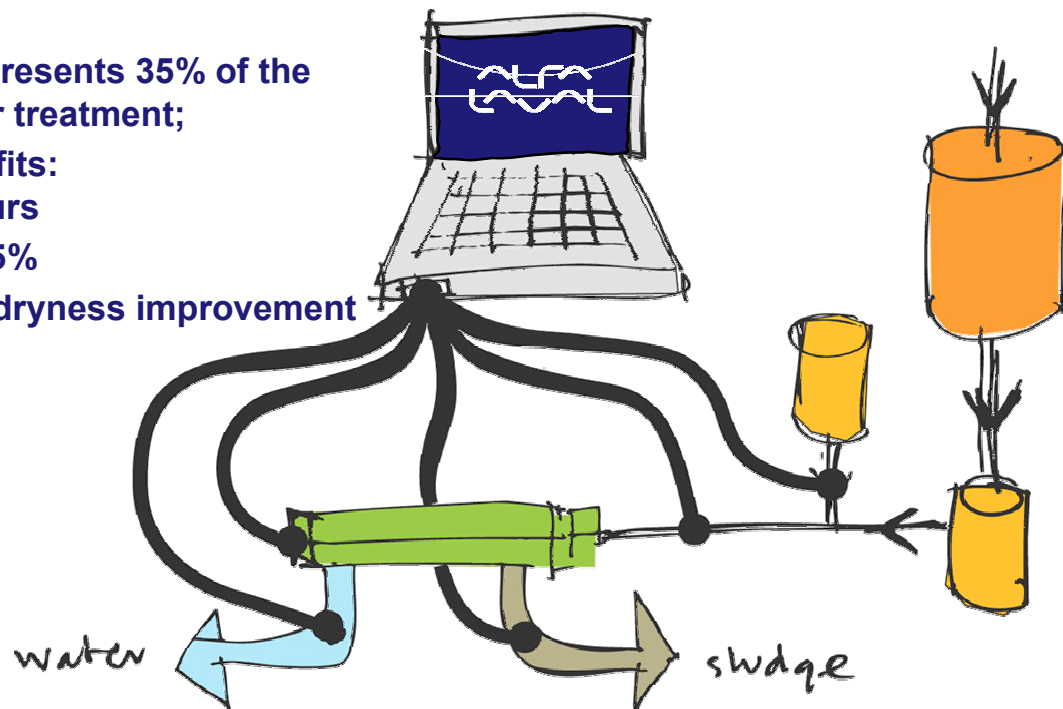


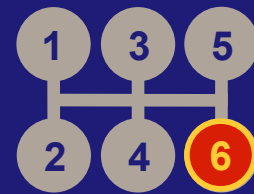
- New innovative solution to separate fluids and solids from gases;
- Require manufacturers of diesel engines to clean also the crankcase gas that is ventilated from engines;
- Technical and commercial cooperation with Haldex.



Alfa Laval Octopus

- The dewatering process represents 35% of the total cost of the waste water treatment;
- Case story - customer benefits:
 - Resources: - 70% man-hours
 - Polymer consumption: - 25%
 - Sludge volume: 3% to 5% dryness improvement
 - Energy saving: - 6%





Membrane separation

Acquisition of DSS

- Annual sales: 90 MSEK
- Located in Nakskov and Copenhagen
- 65 people in R&D, manufacturing and sales
- Active in Food (1/3) & Life Science (2/3)
- Active in DK, IT, UK, GE



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ALFA

ROMEO