



# Interim Report Q4 2007

- Orders received and margins
- Highlights
- Development per segment
- Geographical development
- Financials
- Outlook

Mr. Lars Renström  
President and CEO  
Alfa Laval Group

# Key figures

## October – December 2007

- Orders received up 0% to SEK 6,576 million.
- Net sales up 21% to SEK 7,220 million.
- Adjusted EBITA up 65% SEK 1,675 million.
  - *Negative currency effect SEK 44 million.*

## January – December 2007

- Orders received up 18% to SEK 27,553 million.
- Net sales up 29% to SEK 24,849 million.
- Adjusted EBITA up 65% to SEK 4,980 million.
  - *Negative currency effect SEK 254 million.*

# Proposed dividend, repurchase and split

## Proposed dividend for 2007

- The Board of Directors proposes a dividend of 9:00 SEK (6:25).

## Proposed mandate for repurchase of shares

- The Board of Directors proposes a new mandate for repurchase of up to 5 percent of the issued shares with the intention to cancel repurchased shares.

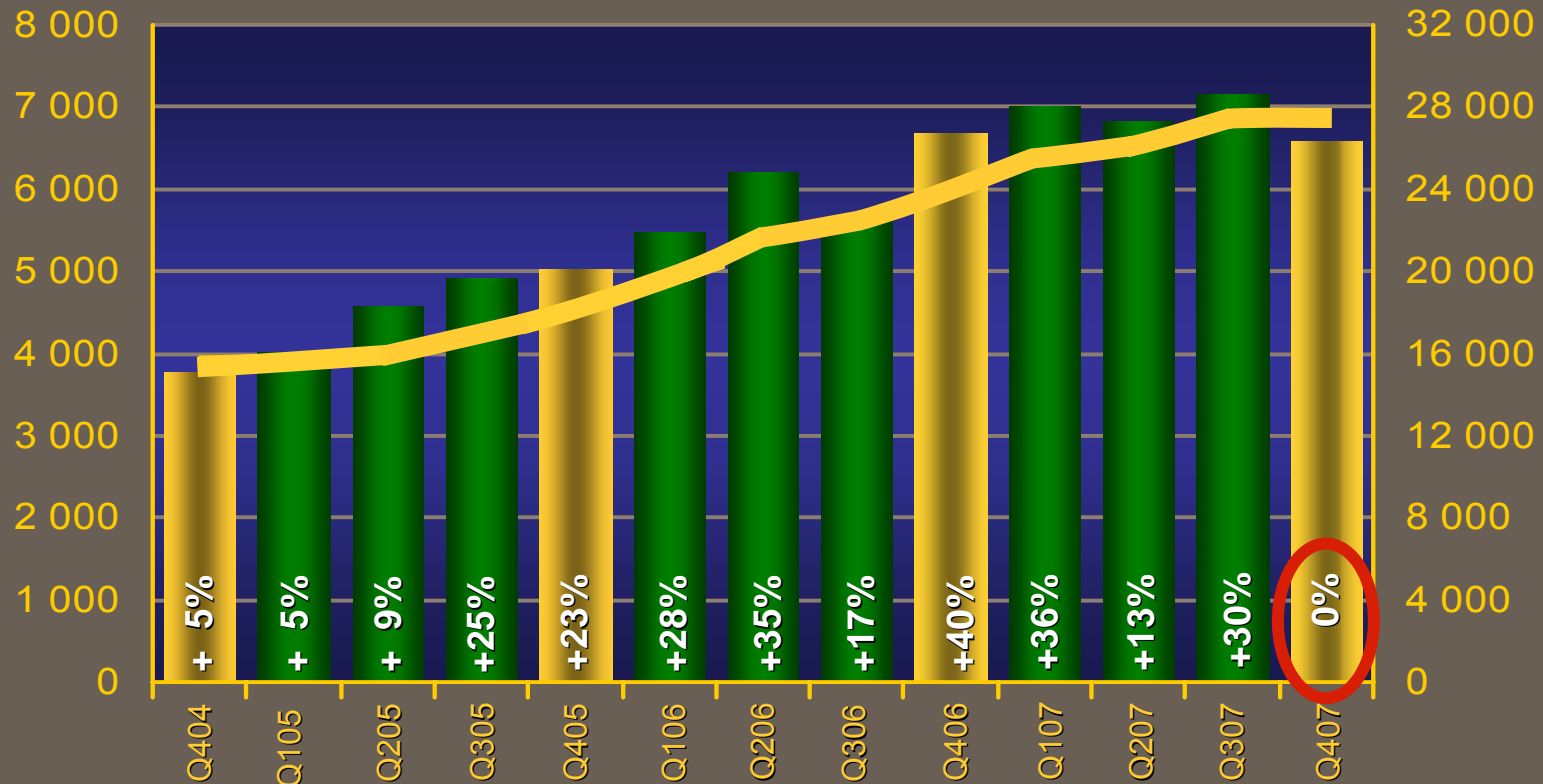
## Proposed share split 4:1




- The Board of Directors proposes a share split 4:1 – each old share will be split into 4 new shares. If the proposal is accepted the split is expected to be completed during June 2008 .

# Orders received

SEK million

SEK million R 12



 = rolling twelve months value  
  = order intake per quarter

+xx% = % development at constant rates by  
 quarter year on year

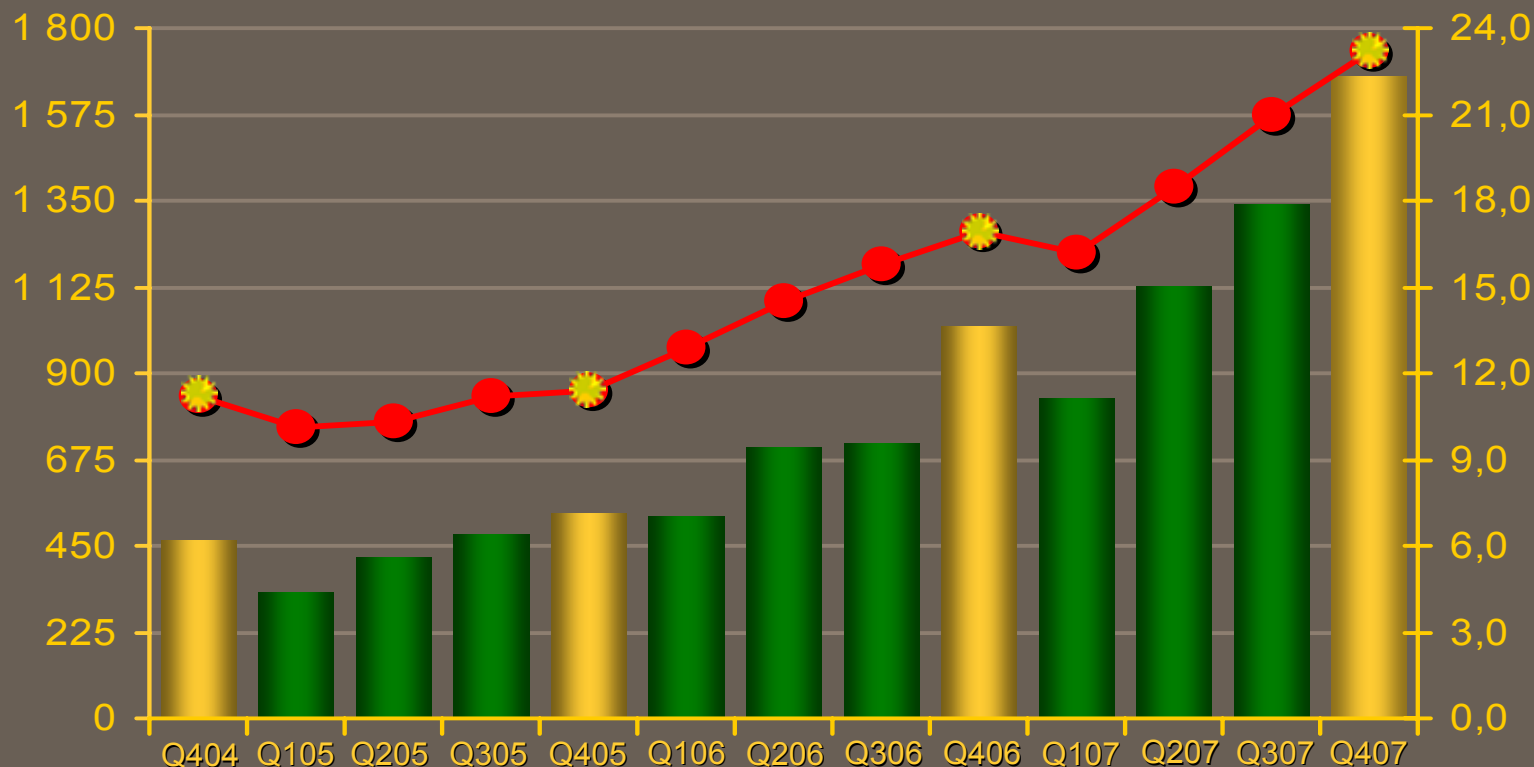
# Order analysis

Oct – Dec 07

<b>2006</b> (SEK million)	<b>6,672</b>
Structural change, %	+ 1
Currency effects, %	- 2
Organic development, %	0
Total, %	- 1
<b>2007</b> (SEK million)	<b>6,576</b>

# Adjusted EBITA / margin \*

SEK million and in percent of sales



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

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# Highlights during the quarter

Acquisitions during 2007 – add 4% annual sales

- Finnish company Fincoil, turnover SEK 375 million.

*Manufactures and markets air heat exchangers predominantly for industrial cooling and refrigeration.*

*The company has 150 employees.*

# Highlights during the quarter

Large orders, total SEK 160 million (680)

- Clean technology to Canada.

*Order value SEK 50. Delivery during 2008 and 2009.*

# Highlights during the quarter

## Large orders

- Clean technology to Canada.
- Energy recovery in natural gas production in South East Asia.

*Total value SEK 110 million. Delivery during 2008 and 2009.*

# Highlights during the quarter

Legislation drives development of clean technologies

- Orders for seven ballast water treatment systems.

*Combined the orders are worth about SEK 25 million.*

*Deliveries during 2008 and 2009.*

# Large orders 2007

SEK million	Country	Application	Industry	Delivery
50	Canada	Water treatment	Environment	2008
180	China	Evaporation	Pulp and paper	2007
55	China	Processing	Food	2007
50	Vietnam	(Various)	Marine	2007-2008
100	USA/Taiwan	Central cooling	Oil refining	2008
50	Belgium	Processing	Bio ethanol	2008
190	Saudi Arabia	Central cooling	Petrochemical	2009
135	Europe	Processing	Food	2008
60	India	Clean technology	Pulp and paper	2008
50	Latin America	Processing	Petrochemical	2008
50	Ukraine	Processing	Food/brewery	2008
65	USA	Evaporation	Process Industry	2008
50	Canada	Water treatment	Environment	2008-2009
110	S. East Asia	Energy recovery	Energy	2008-2009

**1,195** (1,405 in 2006)

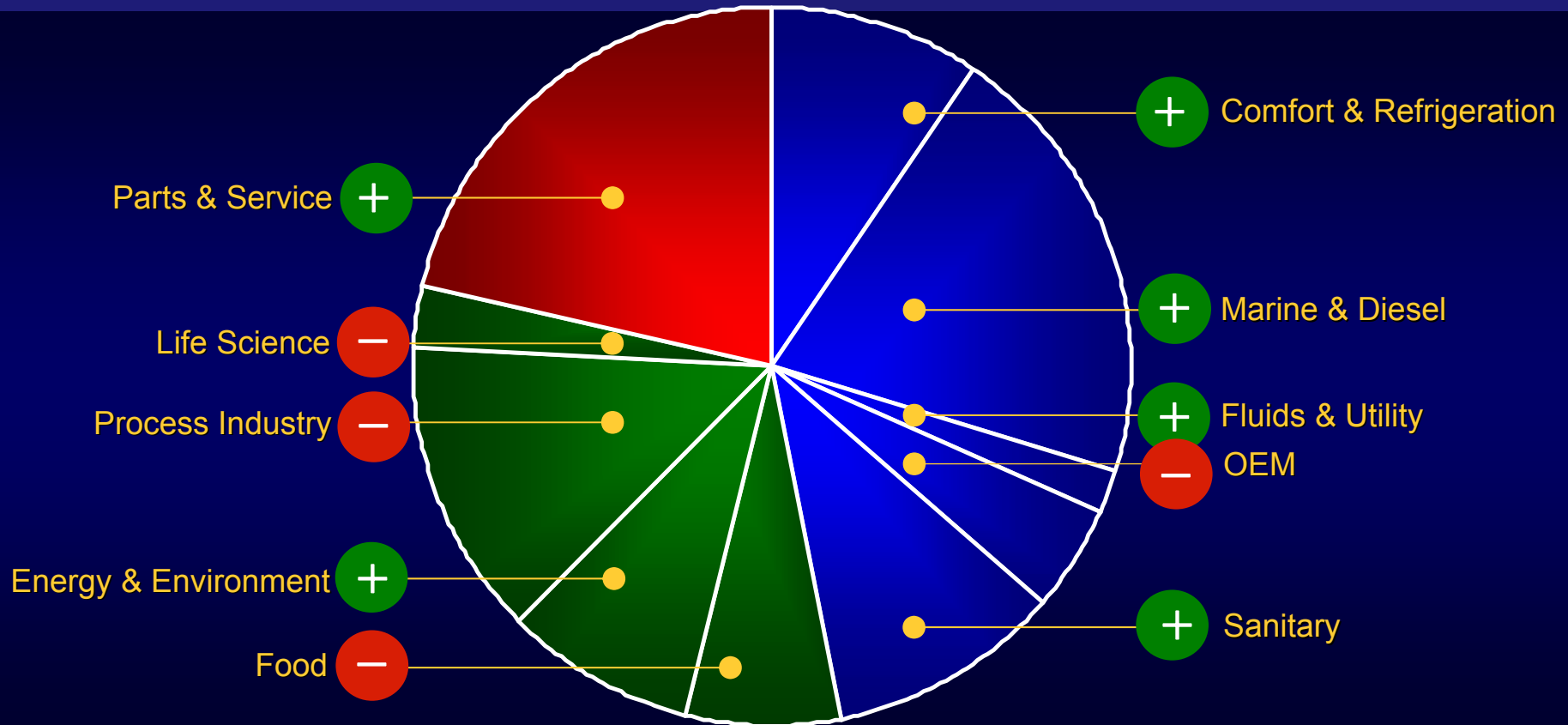
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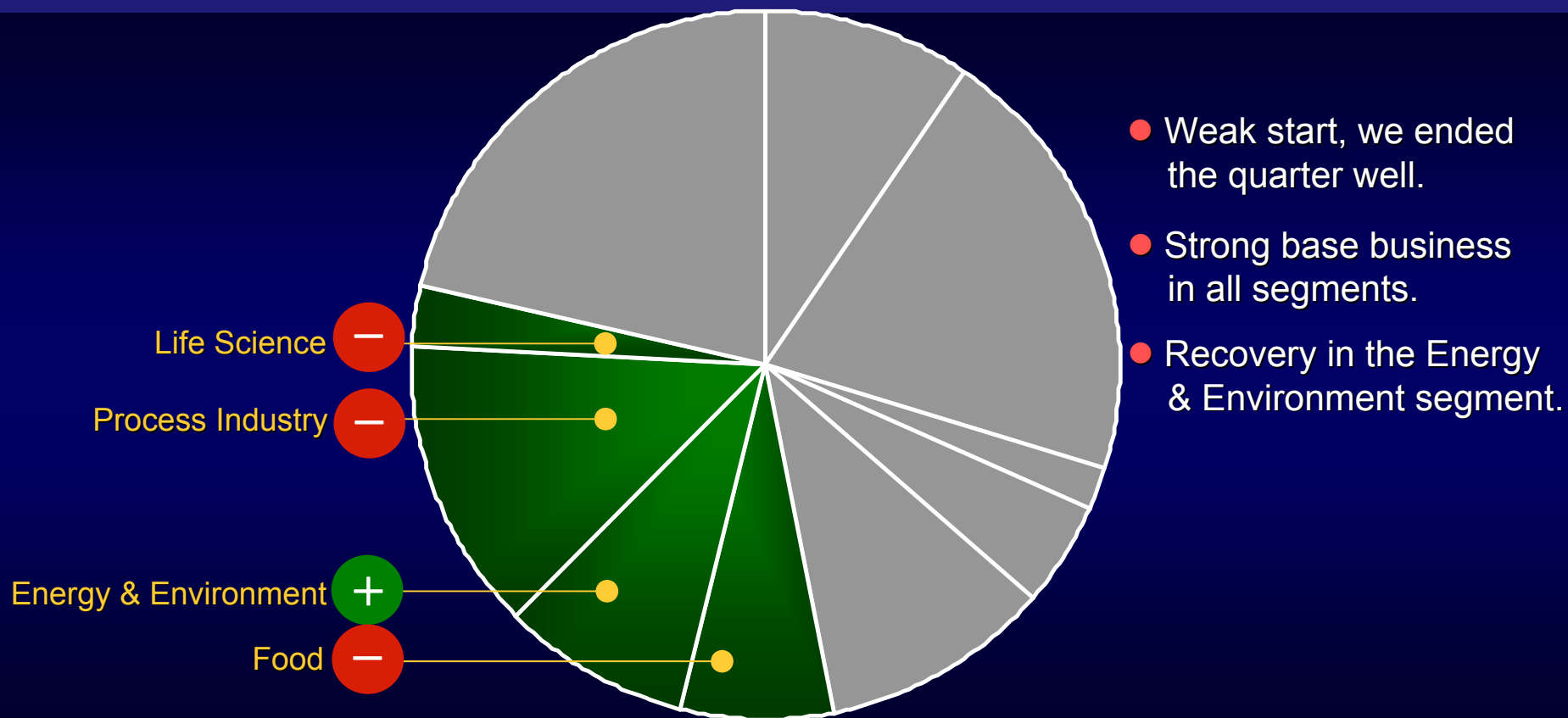
# Orders received by Segment

October – December 2007, at constant rates



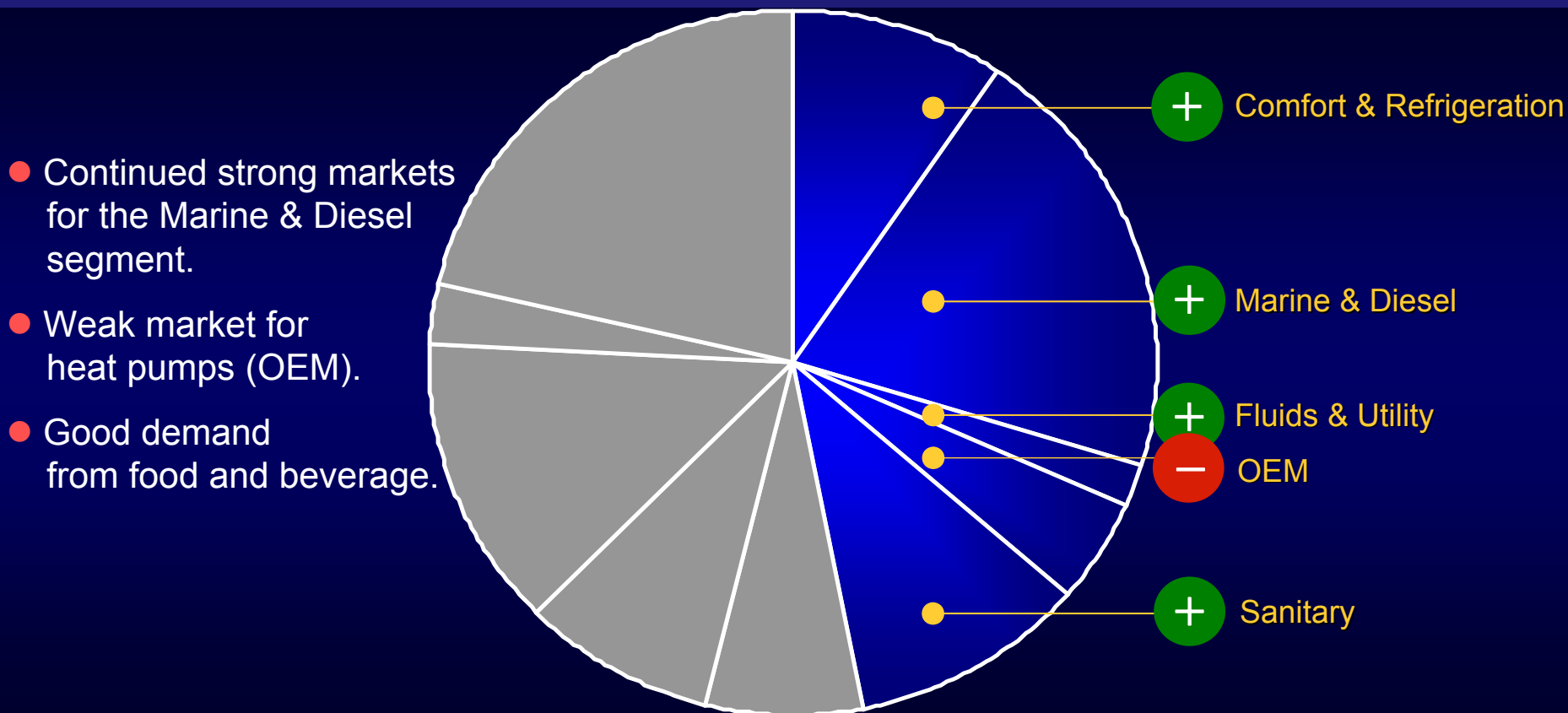
# Orders received by Segment

*The Process Technology Division, October – December 2007,  
at constant rates and for comparable units*



# Orders received by Segment

*The Equipment Division, October – December 2007, at constant rates and for comparable units*



# Air heat exchangers

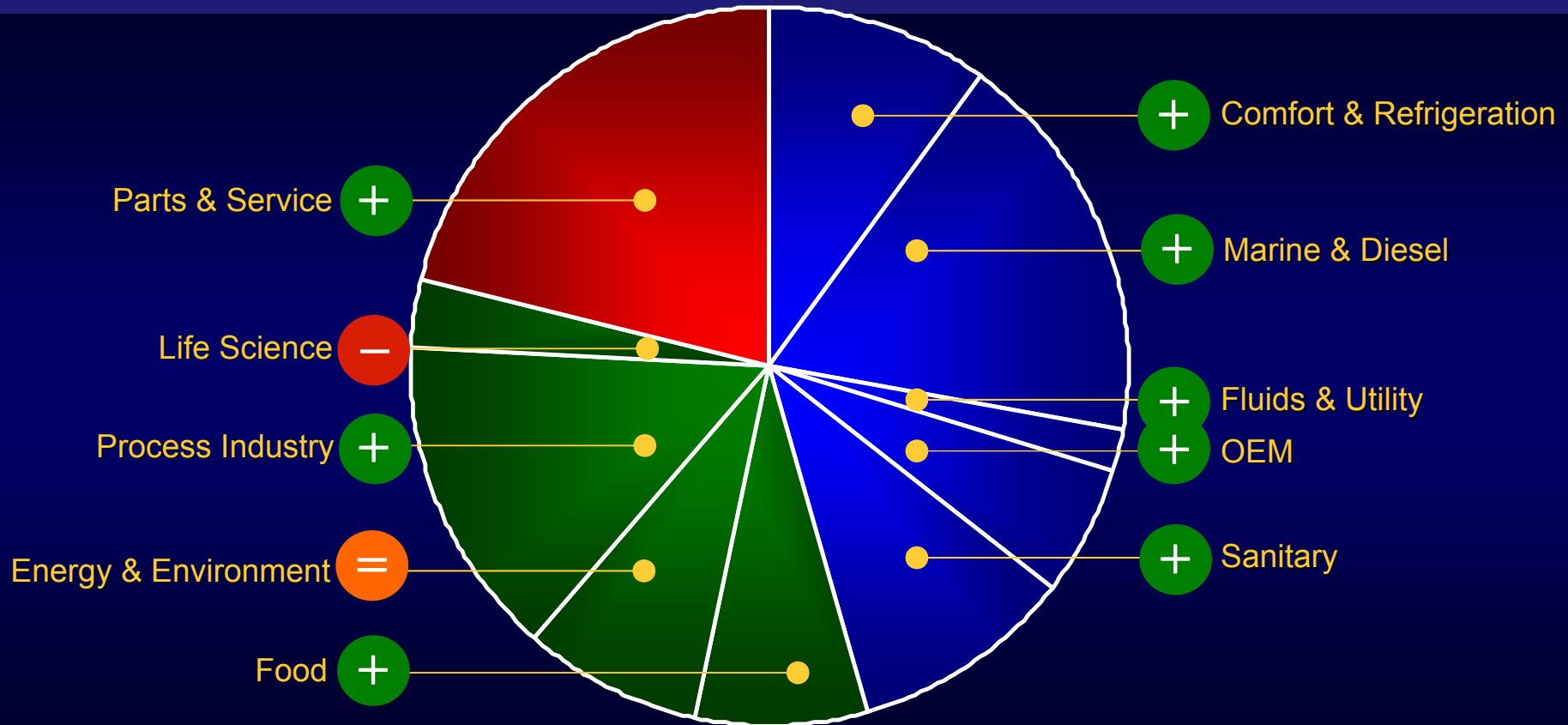


## *Building a strong position*

- Two complementary acquisitions during 2007: Helpman (the Netherlands) and Fincoil (Finland).
- Now no 2 on the European market for industrial refrigeration, a market with an estimated potential of SEK 5.5 billion.
- Markets with structural growth
  - increased living standard and a need for new environmentally friendly refrigerants.

# Orders received by Segment

January – December 2007, at constant rates



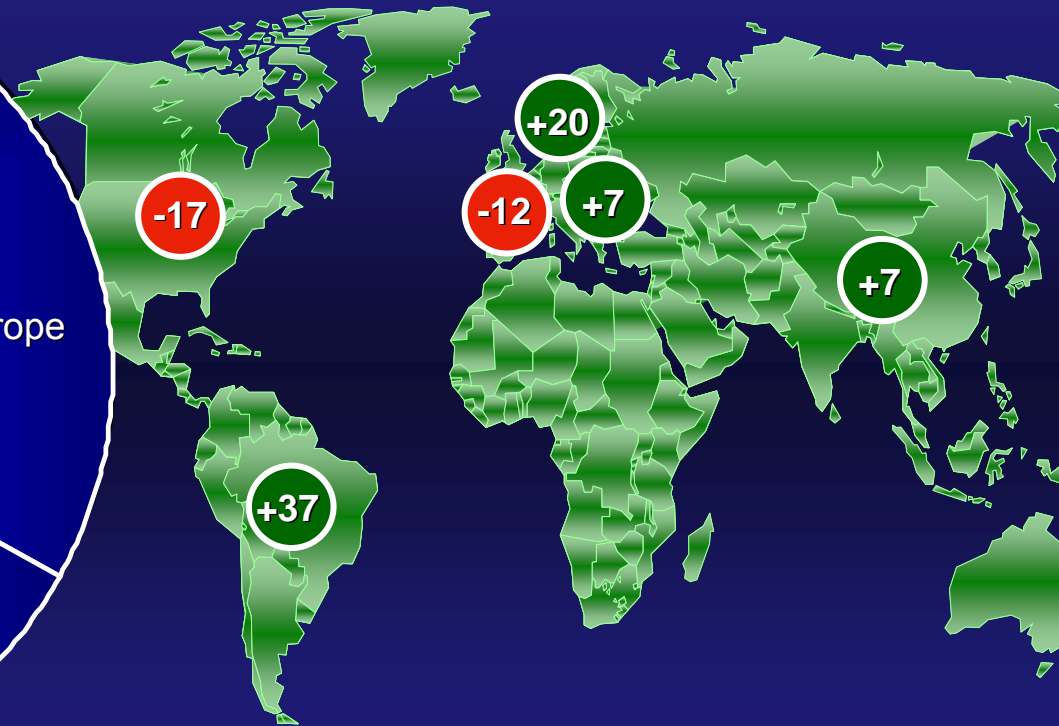
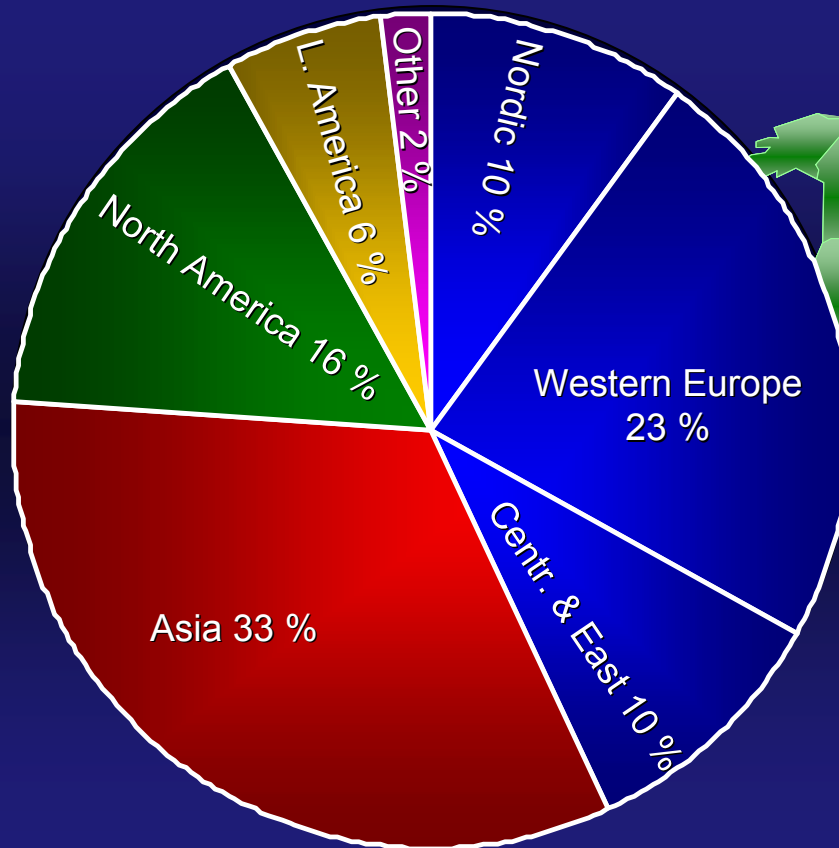
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# Orders received by Region

October – December 2007, at constant rates



# Highlights Americas

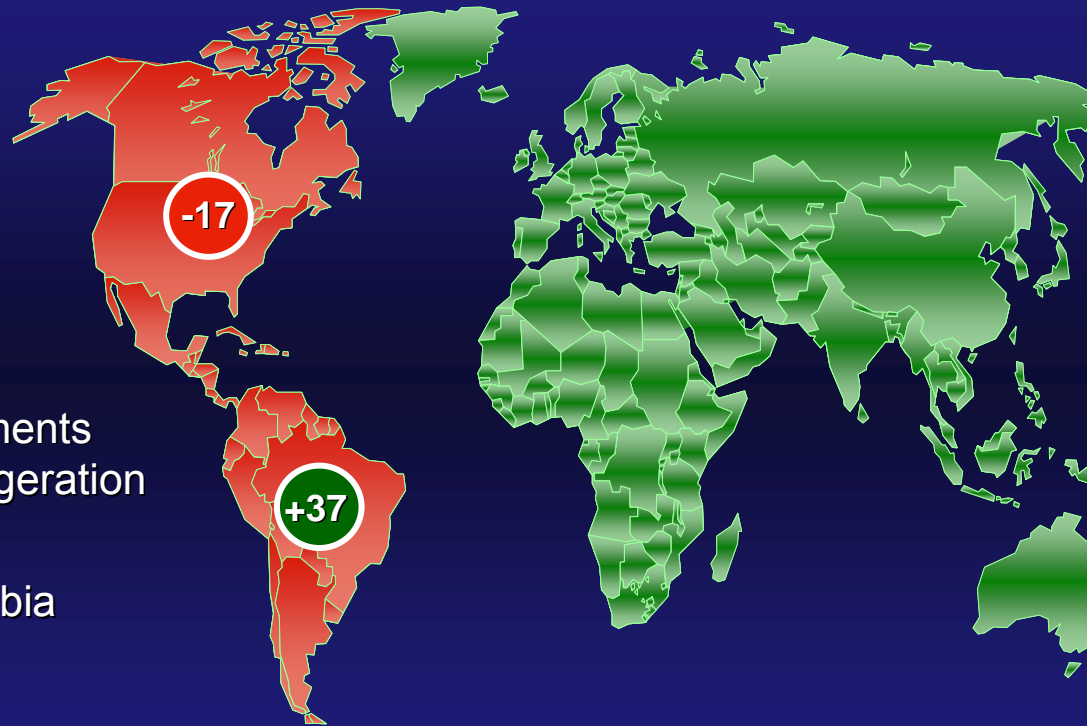
October – December 2007, at constant rates

## North America

- Substantially lower order intake for the bio ethanol application.
- Base business up 5 percent.

## Latin America

- Good development in all segments  
- strongest in Comfort & Refrigeration and Energy & Environment.
- Best growth in Mexico, Colombia and Chile.



# Highlights Europe

October – December 2007, at constant rates

## Western Europe incl. Nordic

- The Equipment Division in line with Q4 2006, despite a downturn in the heat pump market.
- Best development in the Nordic and Iberica regions.

## Central and Eastern Europe

- Stable growth in both divisions.
- Russia and Turkey showed the best development.

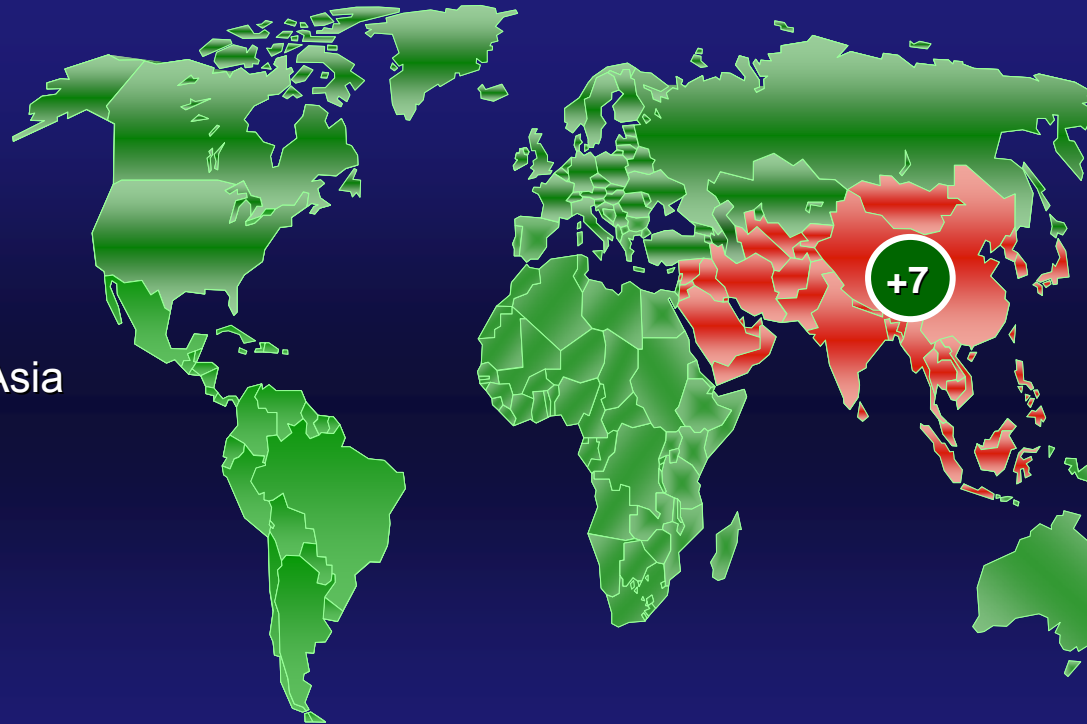


# Highlights Asia

October – December 2007, at constant rates

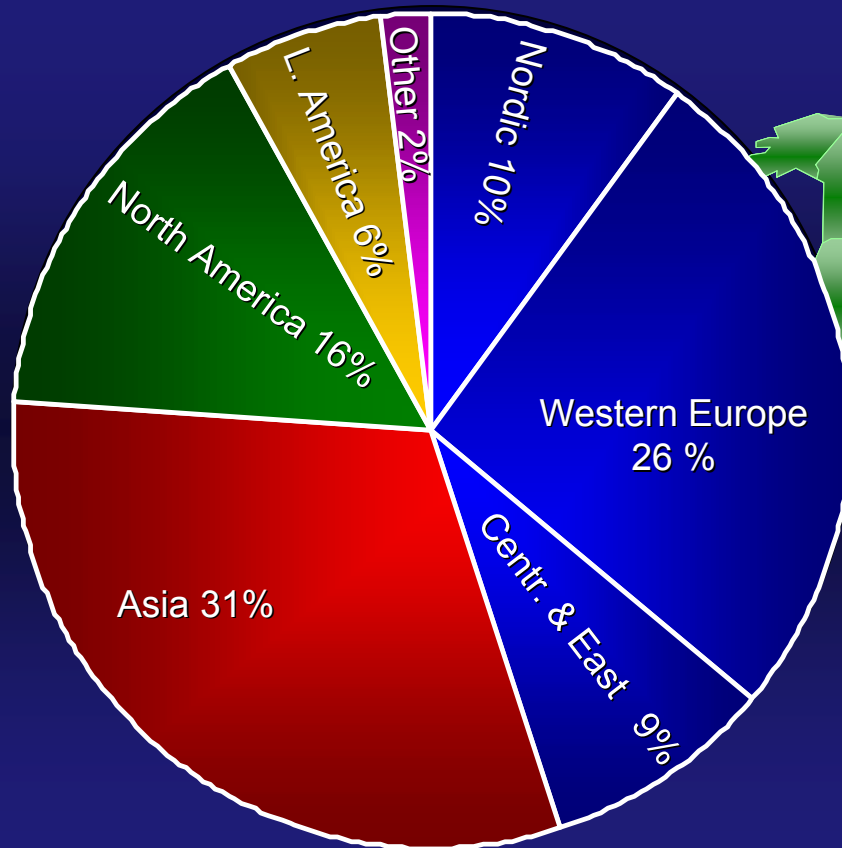
## Asia

- Best development in Food, Energy & Environment and Marine & Diesel.
- India, China and South East Asia showed the strongest growth.



# Orders received by Region

January – December 2007, at constant rates



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Mr. Thomas Thuresson  
CFO  
Alfa Laval Group

# Highlights

SEK million

Oct – Dec 07

Order intake

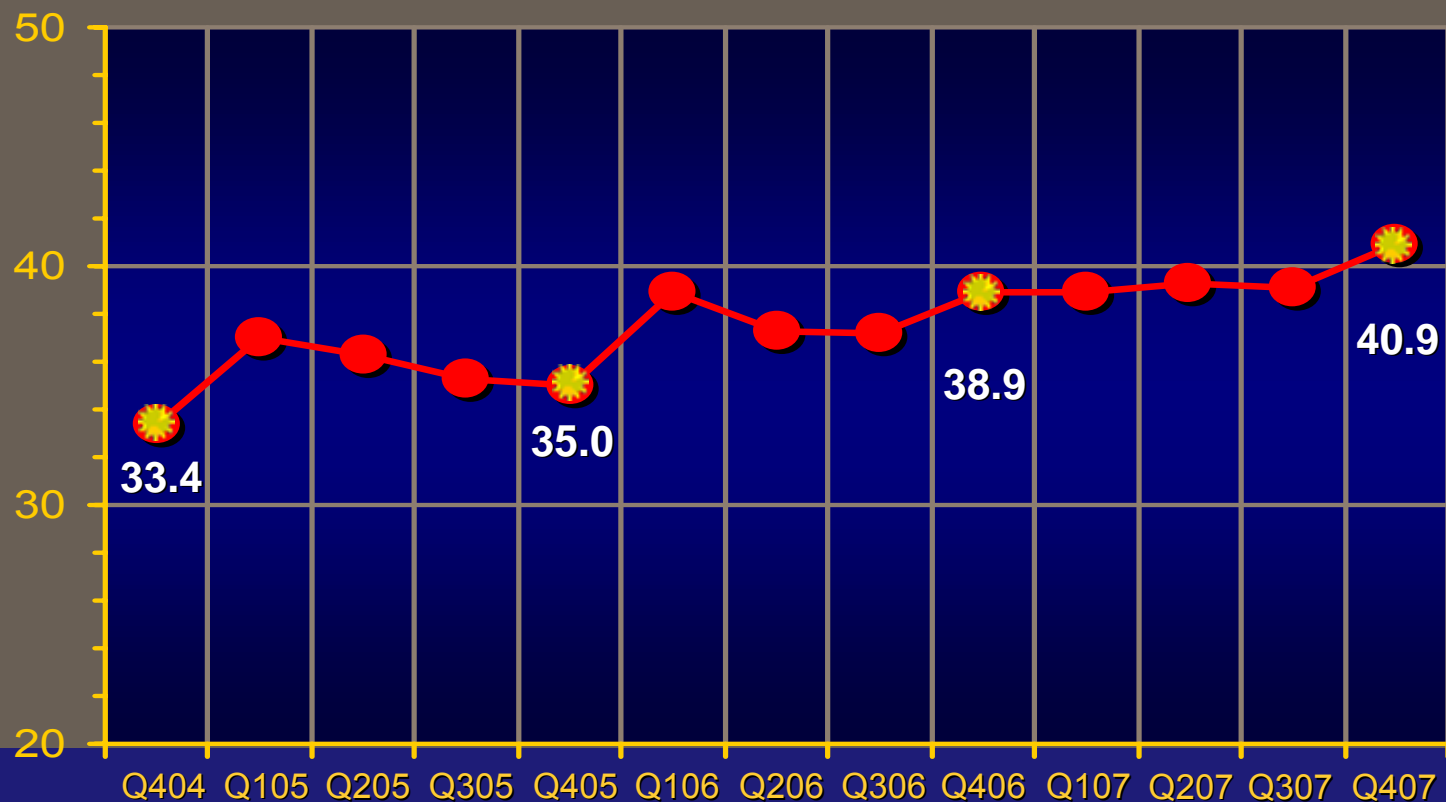
6,576

Net sales

7,220

# Gross profit margin

In percent of sales



# Highlights

SEK million

Oct – Dec 07

Order intake	6,576
Net sales	7,220
Adjusted EBITA	1,675
Adjusted EBITA-margin	23.2%
Profit before tax	1,587

# Earnings per share

	Oct – Dec		Full year	
	2007	2006	2007	2006
Earnings	9.66	4.34	28.48	15.10
Earnings, excluding step-up	10.15	4.89	30.55	17.23

# Repurchase of shares

Mandate to repurchase 10 percent of the issued shares

	Q4 07	YTD 07
Number of repurchased shares	343,650	3,602,539
Percentage of outstanding shares	0.3	3.2
Decrease of equity capital*	132	1,497

*\*In parent company and in the Group (SEK millions)*

# Highlights

SEK million

Oct – Dec 07

Order intake	6,576
Net sales	7,220
Adjusted EBITA	1,675
Adjusted EBITA-margin	23.2%
Profit before tax	1,587
Cash flow from operating activities	1.250
ROCE	54.2%
ROE	44.1%

# Cash-flow statement

SEK million	Jan – Dec 2007	Jan – Dec 2006
Cash flows from		
- operating activities	3,264	2,619
- investing activities	- 1,676	-1,577
Financial net paid	- 244	- 115
Dividends	- 715	- 599
Total	629	327
Pro Forma Free-cash-flow*	2,464	2,132

*\*Incl. operating activities, capital expenditure (excl. product rights), provisions and financial net paid.*

# Foreign exchange

## Impact on adjusted EBITA from Fx. fluctuations

SEK million	Q4 07	WY 07	WY 08*
Translation effect	- 37	- 147	0
Transaction effect	- 7	- 107	- 140
Total	- 44	- 254	- 140

*\*Based on EUR/USD 1.45 and EUR/SEK 9.45 for open exposures*

# Order backlog as per December 31

SEK millions



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# Outlook for the near future

“Alfa Laval expects the demand to remain on the current high level.”

The Alfa Romeo logo is rendered in a stylized, white, geometric font on a dark blue background. The word "ALFA" is positioned above the word "ROMEO". The letters are composed of thick, rounded strokes. A thin white horizontal line runs through the middle of the logo, passing behind the letters. A thin white curved line arches over the top of the "ALFA" text. The overall design is minimalist and modern.

ALFA  
ROMEO