

ALFA
LFA



Interim report Q4 and full year 2002

Mr. Sigge Haraldsson
President and CEO
Alfa Laval Group

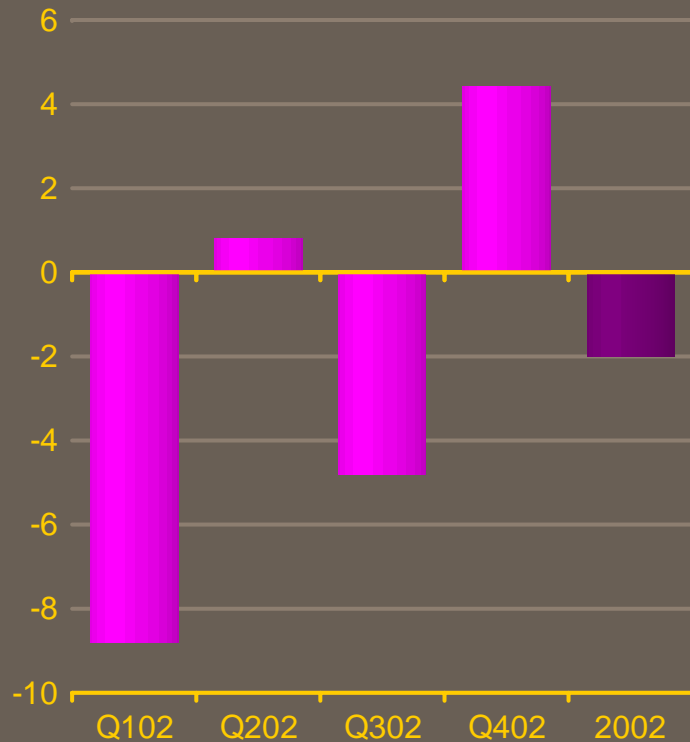
Mr. Thomas Thuresson
CFO
Alfa Laval Group

Highlights

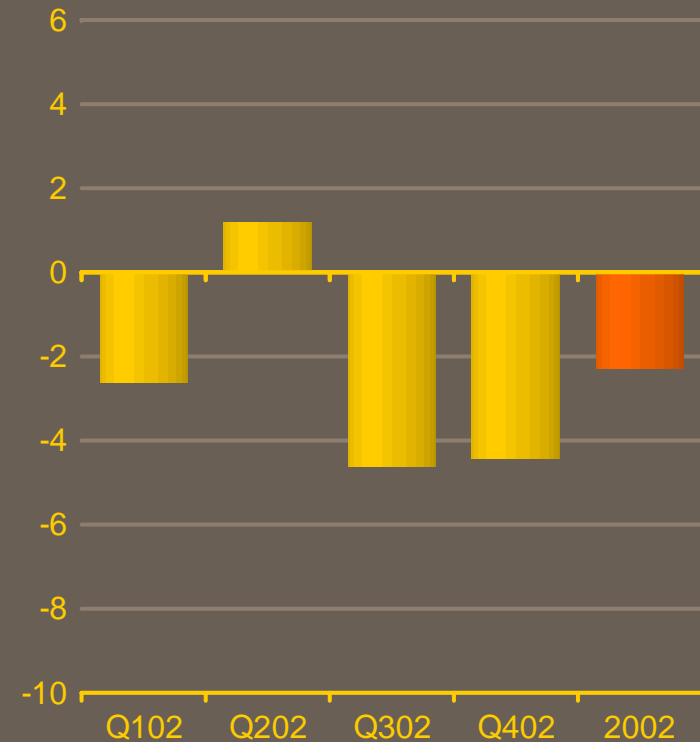
- Q402
- Order intake: 3 501 MSEK
 - Net sales: 4 175 MSEK

Q on Q vs. last year (like for like)

Orders received



Net sales

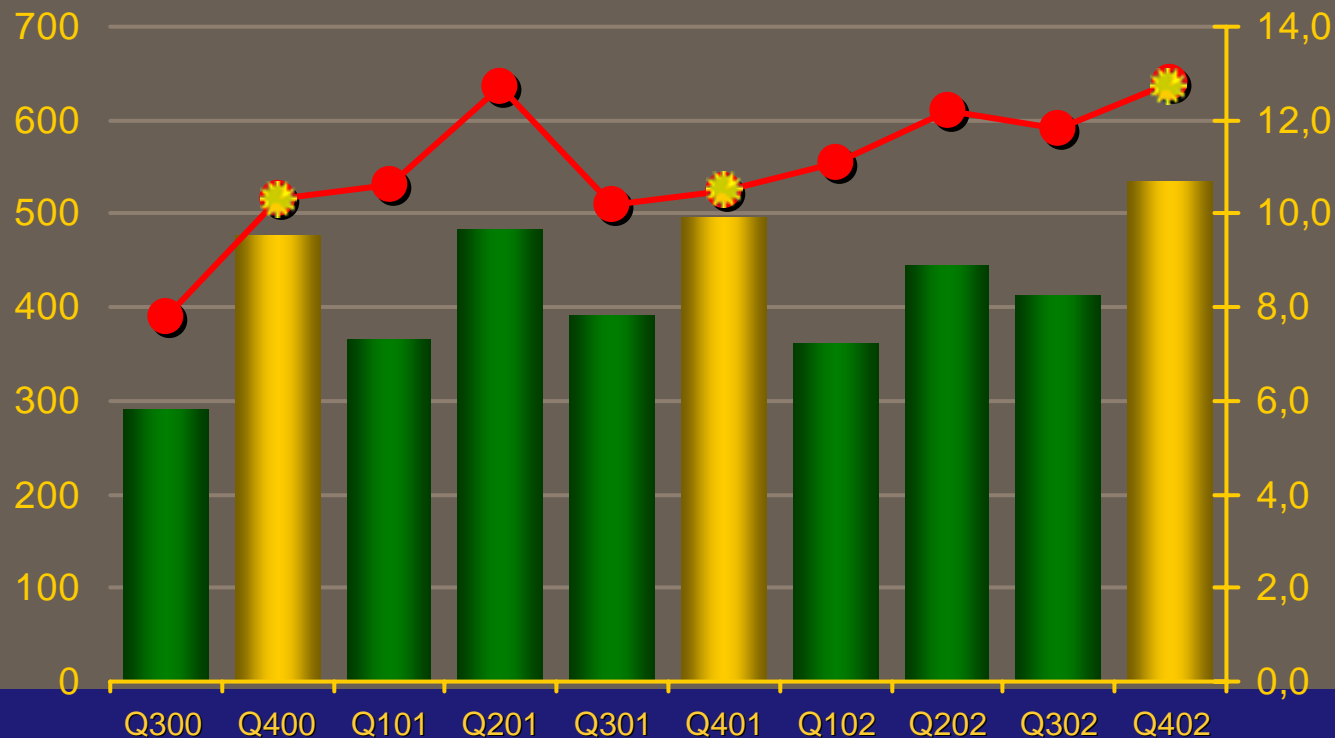


Highlights

- Q402
- Order intake: 3 501 MSEK
 - Net sales: 4 175 MSEK
 - Adjusted EBITA / margin: 535 MSEK / 12.8 %

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."

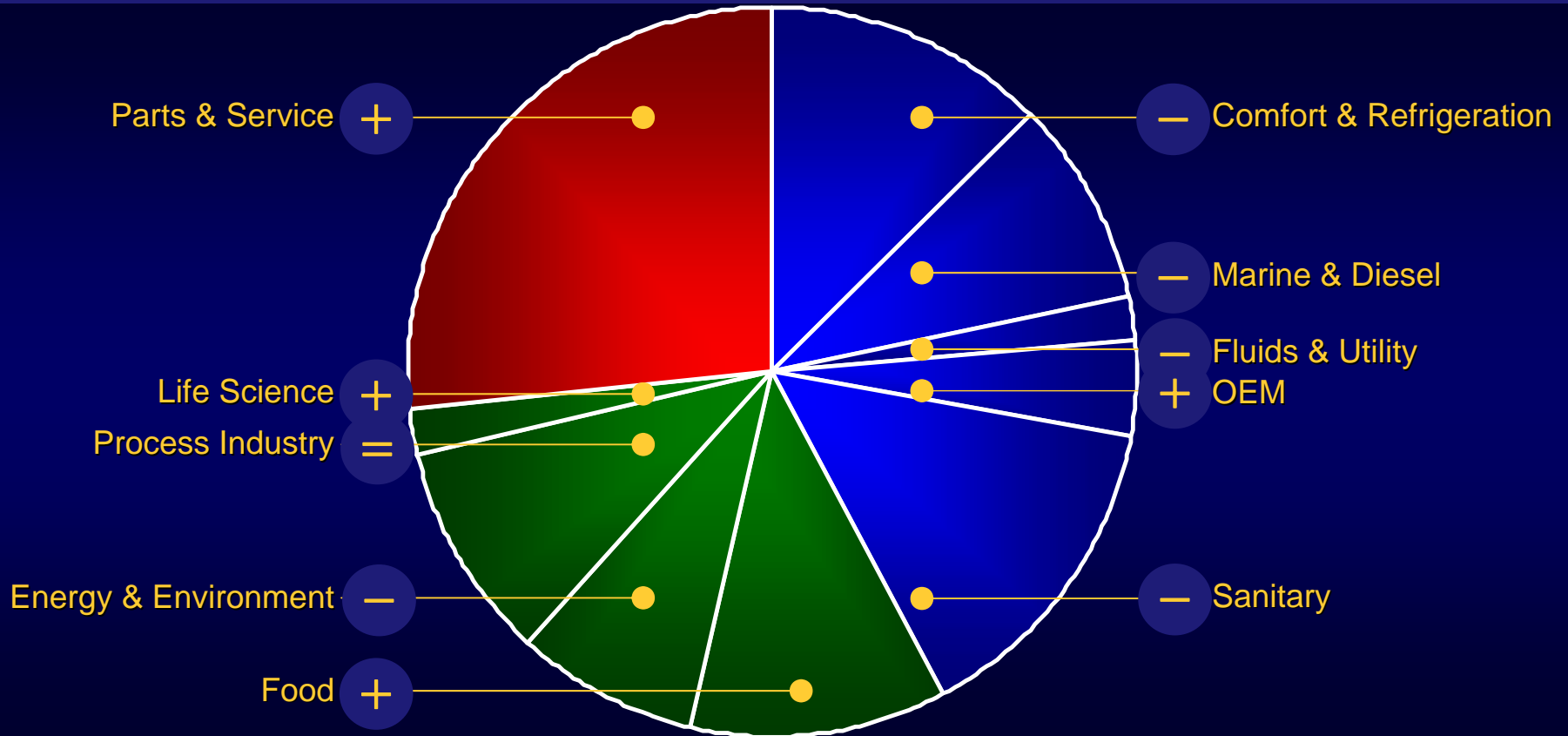
Highlights

- Q402
- Order intake: 3 501 MSEK
 - Net sales: 4 175 MSEK
 - Adjusted EBITA / margin: 535 MSEK / 12.8 %
 - Profit before tax: 346 MSEK

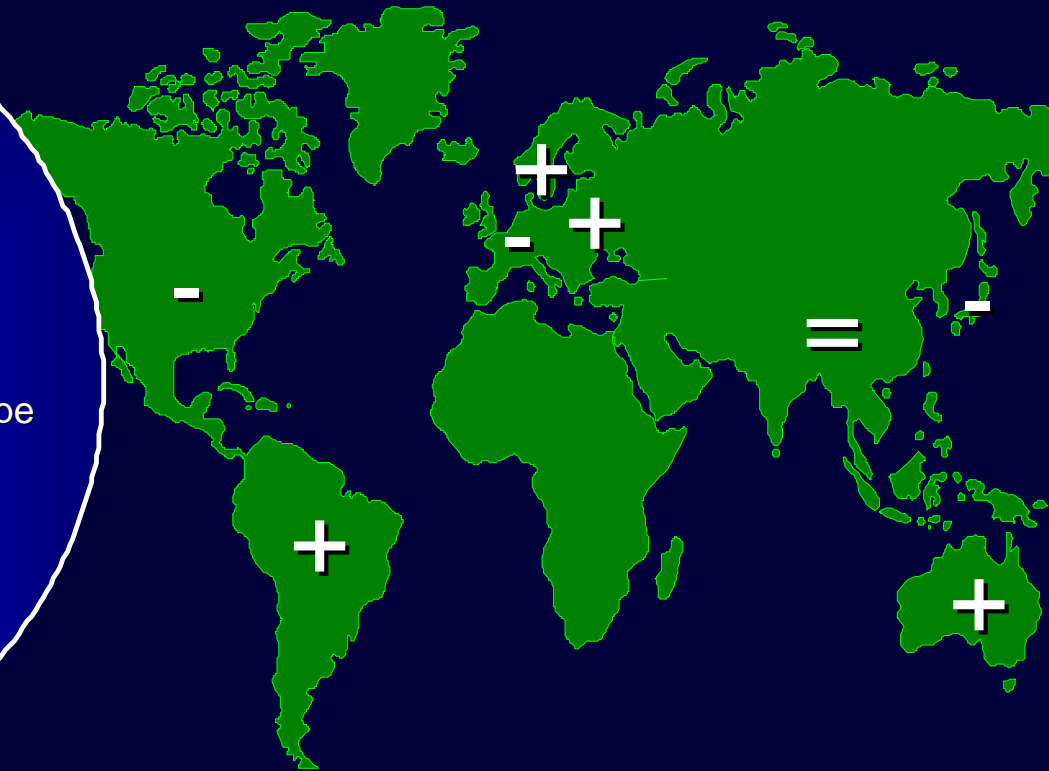
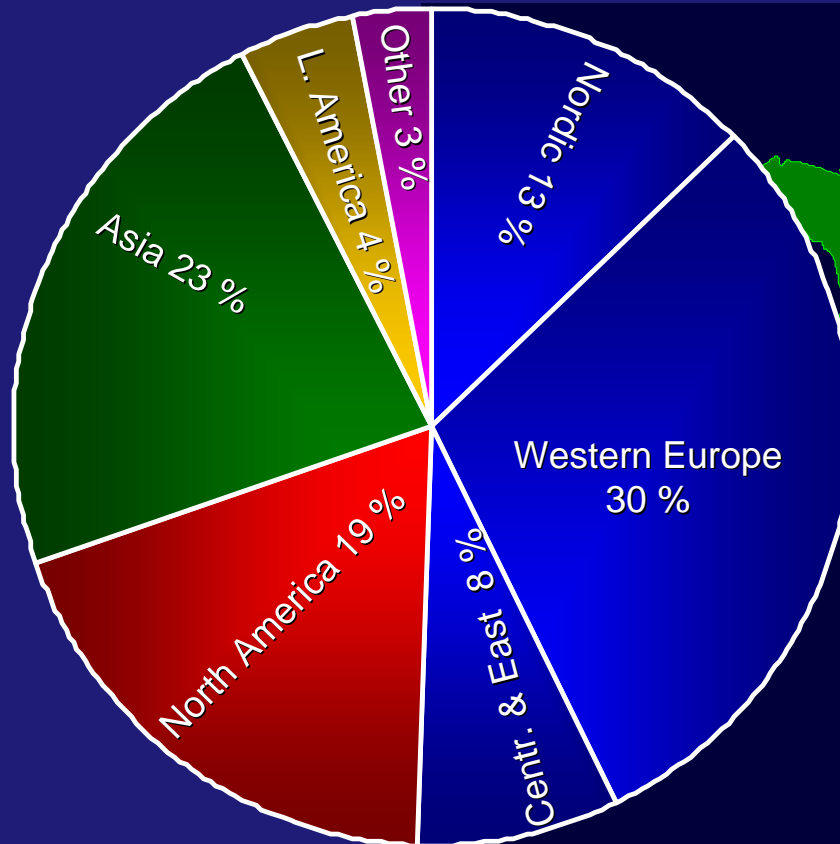
Highlights

- Q402
- Order intake: 3 501 MSEK
 - Net sales: 4 175 MSEK
 - Adjusted EBITA / margin: 535 MSEK / 12.8 %
 - Profit before tax: 346 MSEK
- 2002
- Adjusted EBITA / margin: 1 755 MSEK / 12.0 %
 - Profit before tax: 372 MSEK, incl. one-off costs 334 MSEK
 - Cash flow from operating activities: 1 924 MSEK
 - ROCE: 20.2 %

Orders Received 2002



Orders Received 2002



Highlights

- Q402
 - Order intake: 3 501 MSEK
 - Net sales: 4 175 MSEK
 - Adjusted EBITA / margin: 535 MSEK / 12.8 %
 - Profit before tax: 346 MSEK
- 2002
 - Adjusted EBITA / margin: 1 755 MSEK / 12.0 %
 - Profit before tax: 372 MSEK, incl. one-off costs 334 MSEK
 - Cash flow from operating activities: 1 924 MSEK
 - ROCE: 20.2 %
 - Asbestos-related lawsuits in the United States

Asbestos-related lawsuits in the US

- **Alfa Laval Inc. was as of February 15, 2003 named co-defendant in a total of 73 asbestos-related lawsuits with a total of approx. 15 000 plaintiffs.**
- **11 multiple plaintiff lawsuits, filed in Mississippi, account for 99% of all plaintiffs.**
- **Development since November 4, 2002:**
 - 13 lawsuits have been dismissed for lack of connection, which gives a total of 30 lawsuits that have been dismissed;
 - 19 additional lawsuits with a total of approx 7 500 plaintiffs;
 - 99.7% of the increase of plaintiffs is related to multiple plaintiff lawsuits filed in Mississippi;
 - The state of Mississippi has adopted a new law, that legal experts expect to limit the filing of multiple plaintiff lawsuits after December 31, 2002.
- **Alfa Laval is not aware of any new multiple plaintiff lawsuits filed against Alfa Laval Inc. during 2003.**
- **Alfa Laval continues to believe:**
 - that potential 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.

Highlights

- Q402
 - Order intake: 3 501 MSEK
 - Net sales: 4 175 MSEK
 - Adjusted EBITA / margin: 535 MSEK / 12.8 %
 - Profit before tax: 346 MSEK
- 2002
 - Adjusted EBITA / margin: 1 755 MSEK / 12.0 %
 - Profit before tax: 372 MSEK, incl. one-off costs 334 MSEK
 - Cash flow from operating activities: 1 924 MSEK
 - ROCE: 20.2 %
 - Asbestos-related lawsuits in the United States
 - The Board will propose a dividend of 2 SEK per share.

Consolidated Profit and Loss

MSEK	1.10-31.12 2002	1.10-31.12 2001	1.1-31-12 2002	1.1-31.12 2001
Net sales	4 175	4 739	14 595	15 830
Adjusted EBITA	535*	496	1 755*	1 738
Amortization of goodwill and step-up	- 126	- 128	- 507	- 512
Financial net	- 62**	- 122	- 542**	- 1 190
Comparison distortion items	- 1	5	- 334	5
PBT	346	251	372	42

* Including costs for pension plans

** Excluding comparison distortion items

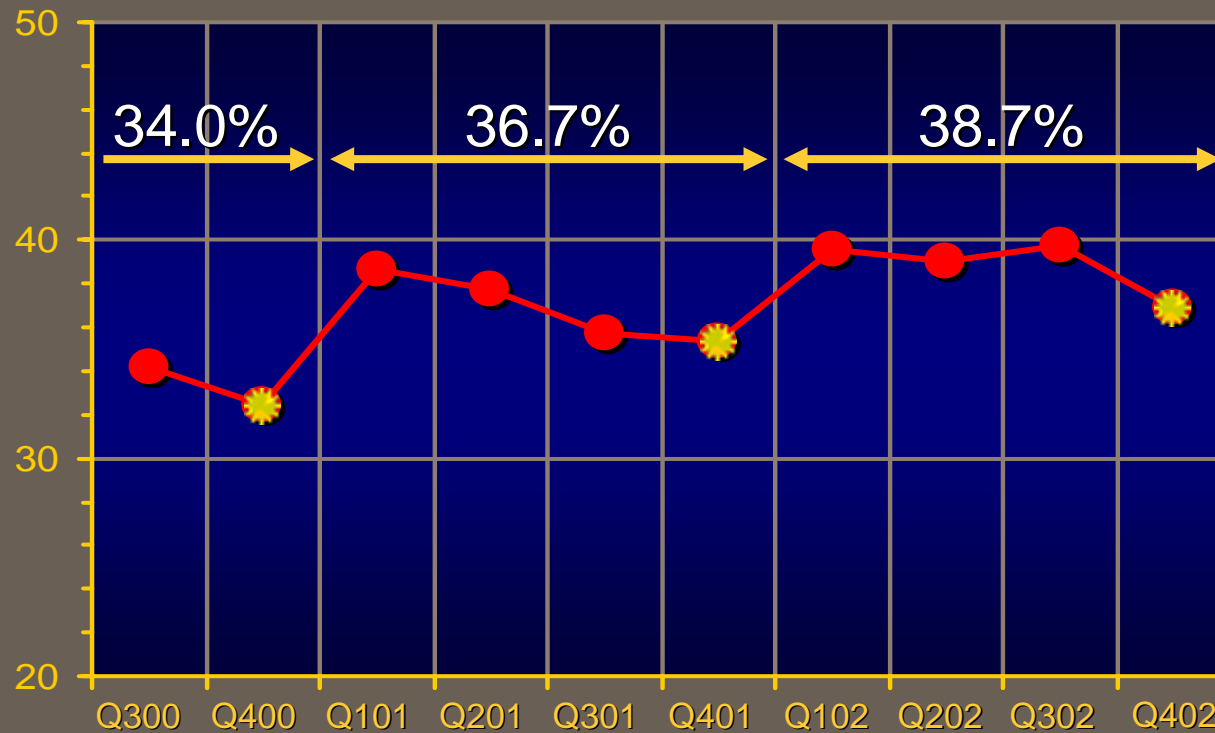
Foreign exchange

Impact from exchange rate fluctuations in 2002

MSEK	Adjusted EBITA	Profit Before Tax
Translation effect	- 80	- 25
Transaction effect	- 50	- 50
Sub total	- 130	- 75
Realized/unrealized foreign exchange differences in financial net	-	+ 51
Total		- 24

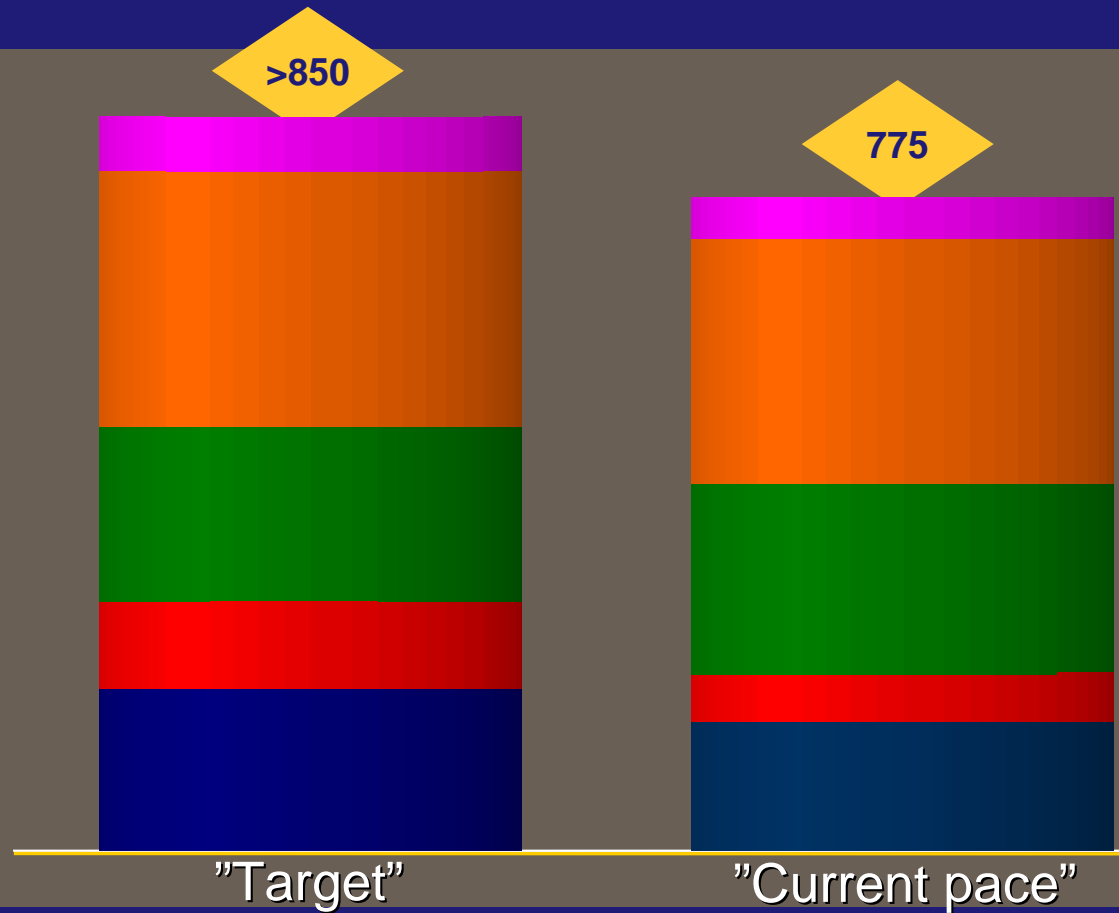
Gross Profit Margin

In percent of sales



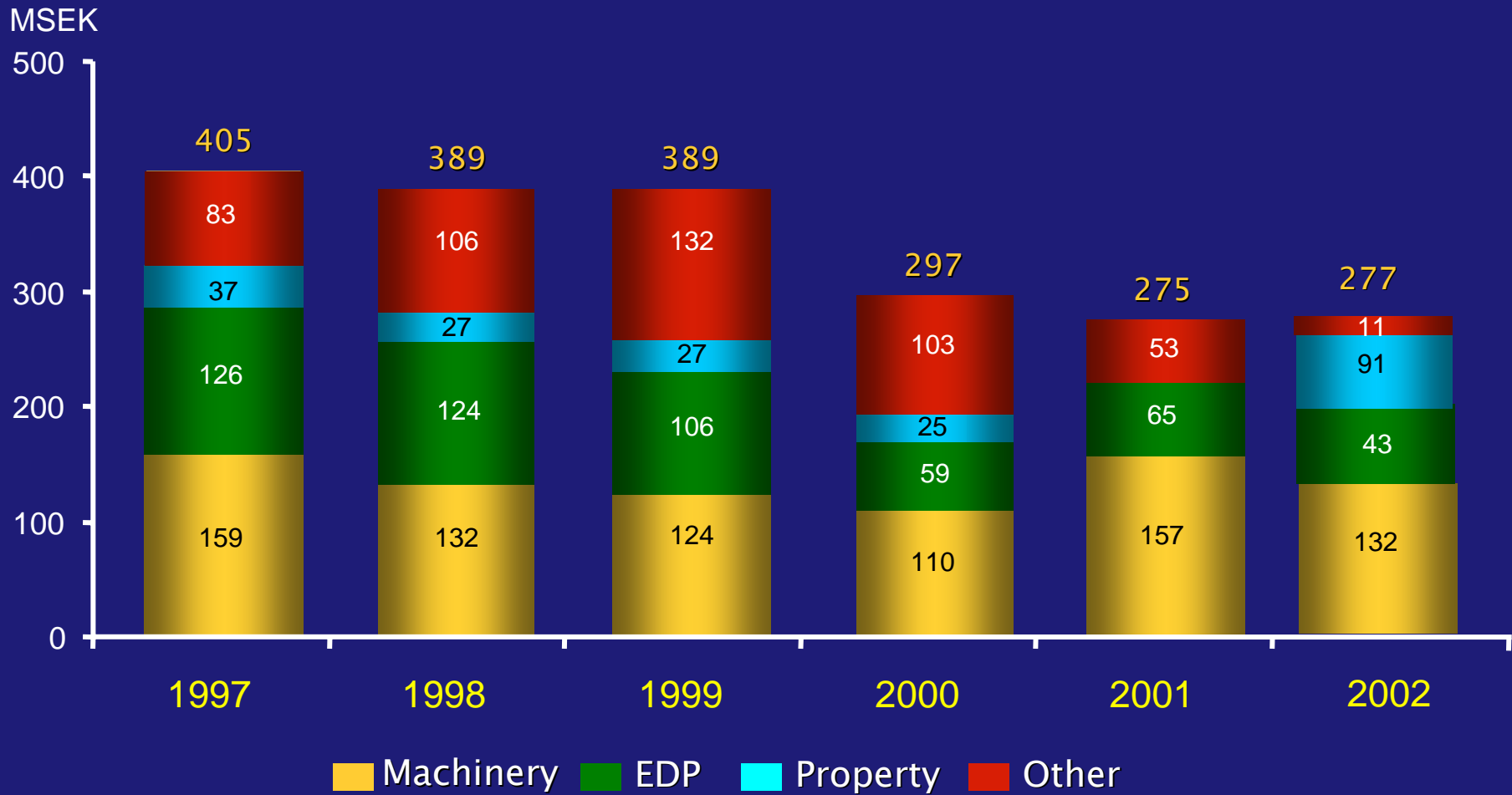
“Beyond Expectations”

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



In the P&L, MSEK 670 (450)

Capital Expenditures 1997 - 2002



Profit and Loss - Proforma

MSEK	Proforma 2002*	Actual 2002
EBIT	1 220	1 220
Financial income	359	359
Financial cost	- 695	- 902
Comparison distortion items, financial	-	- 305
Profit after financial items	884	372
Minority interests	- 34	- 34
Taxes	- 218	- 218
Net income	632	120
Earnings per share (SEK)**	5:66	1:08

* As if the new capital structure had been in place from January 1, 2002

** Based on the current number of shares 111 671 993

Cash-flow Statement

MSEK	1.1-31.12 2002	1.1-31.12 2001
• EBITDA	2 057	2 144
• Working capital	228	314
• Taxes paid	- 396	- 463
• Adjustment for non-oper items	35	4
Cash flows from operating activities	1 924	1 999
• Capital expenditures	- 277	- 275
• Divestments	121	618
• Acquisitions	- 401*	18
• Provisions	9	- 246
Cash flows from investing activities	- 548	115
Cash flows from financing activities	- 1 320	- 2 095
Net increase in cash and bank	56	19

* Including Vendor Warrant, MEUR 40

Cash-flow Statement, Proforma

MSEK	Proforma 2002	Actual 2002	Actual 2001
Cash flows from			
- operating activities	1 924	1 924	1 999
- investing activities	- 262*	- 548	115
Total:	1 662	1 376	2 114

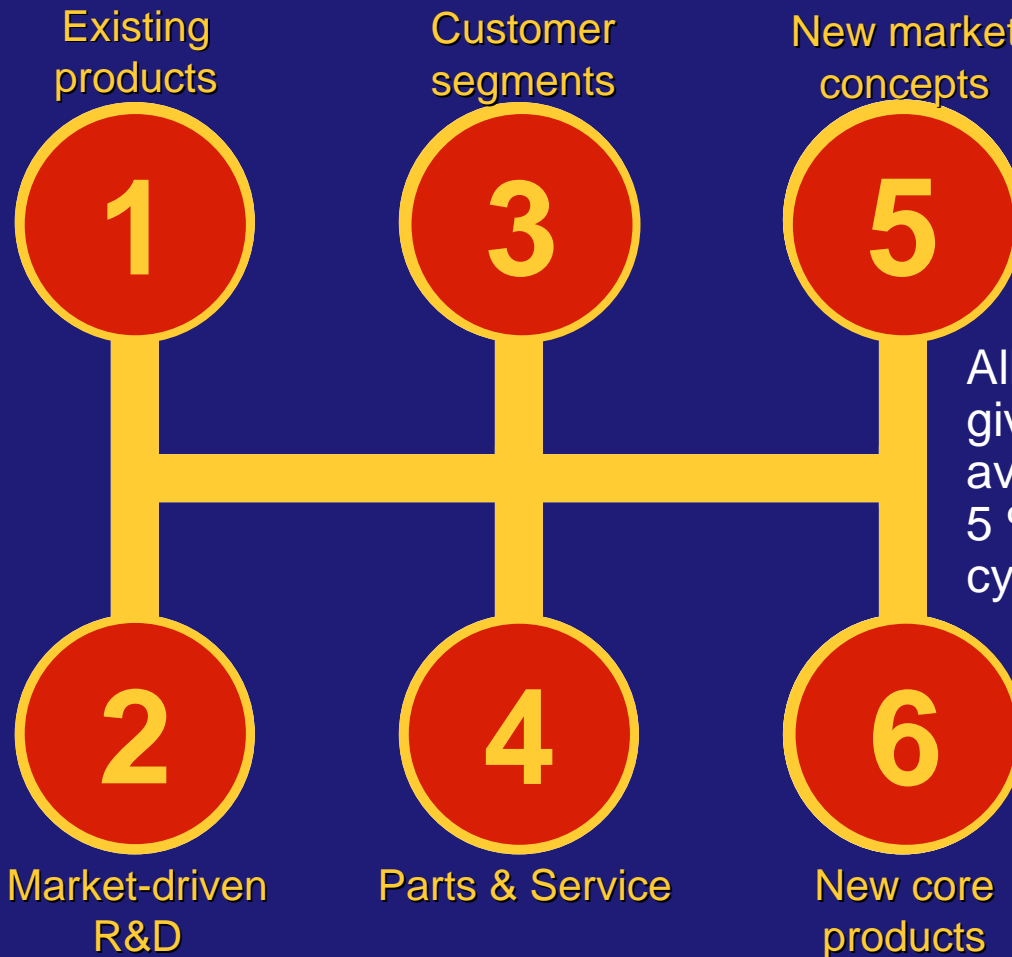
** Excluding Vendor Note, MSEK -368 and tax guarantee MSEK + 82*

Key ratios

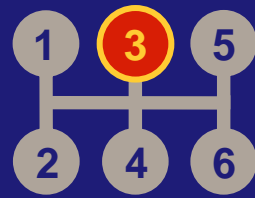
	2002
ROCE, %	20.2
Per share:	
● Cash-flow from operating activities, SEK*	17:23
● Profit proforma, SEK*	5:66
Net Debt/Equity, ratio	0.78

* Based on current number of shares, 111 671 991

The six step Alfa Laval gearbox



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



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%.
- Sales per industry; Marine 39%, Sanitary 37%, Parts & Service 21% and others 3%.



Outlook 2003

“The estimate for the full year 2002 was surpassed. We expect to continue to improve from this level.”