Today’s program


- 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

- Order intake: 3,554 MSEK
- Net sales: 3,402 MSEK
Q on Q vs. last year (excl FX)

Orders received

Net sales
# Highlights

<table>
<thead>
<tr>
<th>Q203</th>
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<th>3,554 MSEK</th>
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<tbody>
<tr>
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<td>Net sales:</td>
<td>3,402 MSEK</td>
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<tr>
<td></td>
<td>Adjusted EBITA / margin:</td>
<td>412 MSEK / 12.1 %</td>
</tr>
</tbody>
</table>
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

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<tr>
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# Adjusted EBITA

<table>
<thead>
<tr>
<th>MSEK</th>
<th>Q2</th>
<th>H1</th>
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<tbody>
<tr>
<td>2002</td>
<td>445</td>
<td>807</td>
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<tr>
<td>2003</td>
<td>412</td>
<td>734</td>
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<table>
<thead>
<tr>
<th>Deviation</th>
<th>-33</th>
<th>-73</th>
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</thead>
<tbody>
<tr>
<td>FX. translation</td>
<td>28</td>
<td>60</td>
</tr>
<tr>
<td>FX. transaction</td>
<td>35</td>
<td>55</td>
</tr>
</tbody>
</table>

| Deviation excl FX | +30 | +42 |
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

>850

825
Number of employees

- 9,399 employees on 30 June, 2002
- 9,150 employees on 30 June, 2003

Reasons for the change:
- Acquisitions: + 166
- Closure Kenosha: - 124
- Other reductions: - 291
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

- Comfort & Refrigeration
- Sanitary
- Marine & Diesel
- Fluids & Utility
- OEM
- Life Science
- Process Industry
- Energy & Environment
- Food

January – June 2003
Orders Received by Region

January – June 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?

1. Existing products
2. Market-driven R&D
3. Customer segments
4. Parts & Service
5. New market concepts
6. New core products

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

- The 6-G Growth Strategy
- The 6-G Market Plan
- The 6-G Sales Plan
- Group
- Divisions & Segments
- Sales Companies
Continued improvement

Compabloc

Think Top valve

Brazed heat exchanger

Separation unit
• 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

www.alfalaval.com
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.
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

Turnkey solutions based on Plate & Frame or spiral elements - and 30 years of experience!
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