Alfa Laval

Our brand is about performance

Mr Thomas Thuresson
CFO
Alfa Laval Group
Highlights

- A global company, founded in 1883
- Three core technologies
- Leading, global market share positions
- Substantial customer and geographic diversification
- Large installed base of products
- Highly respected Alfa Laval brand name
- Significant upside potential
A global company

Year 2003

- Total sales: MSEK 14,000
- No. of employees: 9,350
- 20 production units
- 70 service centres
- Sales Companies in 50 countries
- Other sales representation in more than 45 countries
Capital sales/core product group

- Heat Transfer: 41%, Market share 36%
- Separation: 30%, Market share 24%
- Fluid Handling: 18%, Market share 10%

Capital sales 2003
A customer segment offers

- Single products
- Product packages
- Added value; modules, systems, new products and service contracts
- Process knowledge and expertise
Diversified blue chip customers

BASF
Bayer
BP
Cargill
Chevron
Coca-Cola
Danone
Du Pont
Exxon
Heineken
Mobil
Nestle
Procter & Gamble
Tetra Pak
Unilever
York
Financial targets for the Alfa Laval Group

- Volume growth: 5%
- EBITA: 12-15%
- ROCE: > 20%
Development 1999 to 2003

6.5% → 12%
Our focus

Cost
Parts & Service
Profitable growth
Our Challenge
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.
Acquisition targets

- Complementary products
- Water management
- Life Science
Q1 2004
Asbestos-related lawsuits in the US

- Alfa Laval Inc. was as of March 31, 2004 named co-defendant in a total of 131 asbestos-related lawsuits with a total of approximately 20,000 plaintiffs. The lawsuits filed in Mississippi account for approximately 99% of all 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.
Highlights

Q104

- Order intake: 3,929 MSEK
- Net sales: 3,184 MSEK
- Adjusted EBITA / margin: 383 MSEK / 12.0%
- Profit before tax: 211 MSEK
- Cash flow from operating activities: 321 MSEK
- ROCE: 22.0%
Q on Q vs last year (excl FX)

Order intake

Q2 2003: -2%
Q3 2003: 2%
Q4 2003: 10%
Q1 2004: 6%
Orders received by Segment

January – March 2004
Orders received by Region

- Asia 25%
- North America 17%
- Western Europe 30%
- Centr. & East 9%
- L. America 4%
- Other 2%

January – March 2004
# Adjusted EBITA

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSEK 2003</td>
<td>321</td>
</tr>
<tr>
<td>MSEK 2004</td>
<td>383</td>
</tr>
<tr>
<td>Deviation</td>
<td>62</td>
</tr>
<tr>
<td>FX. translation</td>
<td>20</td>
</tr>
<tr>
<td>FX. transaction</td>
<td>48</td>
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<tr>
<td>Deviation excl FX</td>
<td>130</td>
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</tbody>
</table>
## Consolidated Profit and Loss

<table>
<thead>
<tr>
<th>MSEK</th>
<th>Q1 2004</th>
<th>Q1 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>3,184</td>
<td>2,995</td>
</tr>
<tr>
<td>Adjusted EBITA</td>
<td>383</td>
<td>321</td>
</tr>
<tr>
<td>Amortization of goodwill and step-up</td>
<td>- 124</td>
<td>- 124</td>
</tr>
<tr>
<td>Comparison distortion items</td>
<td>- 14</td>
<td>4</td>
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<tr>
<td>Financial net</td>
<td>- 35</td>
<td>- 60</td>
</tr>
<tr>
<td>PBT</td>
<td>211</td>
<td>142</td>
</tr>
<tr>
<td>Taxes &amp; minority</td>
<td>- 106</td>
<td>- 44</td>
</tr>
<tr>
<td>Net income</td>
<td>105</td>
<td>98</td>
</tr>
</tbody>
</table>
Number of employees

31 December, 2002: 9,133 employees

31 March, 2004: 9,333 employees

- Toftejorg: +101 employees
- bioKinetics: +356 employees
- Reductions: -257 employees
# Taxes

<table>
<thead>
<tr>
<th>MSEK</th>
<th>Jan-Mar 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit after financial items, MSEK 211</td>
<td></td>
</tr>
<tr>
<td>- taxes, 33 % average</td>
<td>- 70</td>
</tr>
<tr>
<td>Major adjustment items</td>
<td></td>
</tr>
<tr>
<td>- goodwill, MSEK 49</td>
<td>- 44</td>
</tr>
<tr>
<td>- loss making countries, MSEK 84</td>
<td></td>
</tr>
<tr>
<td>Other items</td>
<td>+ 22</td>
</tr>
<tr>
<td>Taxes according to P&amp;L</td>
<td>- 92</td>
</tr>
<tr>
<td>- in % of PBT</td>
<td>43.6</td>
</tr>
</tbody>
</table>
## Cash-flow statement

<table>
<thead>
<tr>
<th>Cash flows from</th>
<th>Q1 2004</th>
<th>Q1 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>- operating activities</td>
<td>321</td>
<td>215</td>
</tr>
<tr>
<td>- investing activities</td>
<td>- 67</td>
<td>- 72</td>
</tr>
<tr>
<td>Financial net paid</td>
<td>- 44</td>
<td>- 21</td>
</tr>
<tr>
<td>Dividends</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>210</td>
<td>122</td>
</tr>
<tr>
<td>Pro Forma Free-cash-flow*</td>
<td>204</td>
<td>137</td>
</tr>
</tbody>
</table>

*Incl. operating activities, capital expenditure, provisions and financial net paid.*
## Foreign exchange

### Estimated impact on adjusted EBITA from Fx. fluctuations 2004 vs. 2003

<table>
<thead>
<tr>
<th>MSEK</th>
<th>Q1</th>
<th>Q2-Q4</th>
<th>WY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Translation effect</td>
<td>-20</td>
<td>-40</td>
<td>-60</td>
</tr>
<tr>
<td>Transaction effect</td>
<td>-48</td>
<td>-187</td>
<td>-235</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-68</td>
<td>-227</td>
<td>-295</td>
</tr>
</tbody>
</table>

*Based on market exchange rates as per March 31, 2004 and EUR/USD of 1.20*
Outlook 2004

Alfa Laval is expecting that …

… the recovery during the second half of 2003 will continue during 2004.

… the increase of orders received will be strong.

… the EBITA margin, excluding exchange rate variations, will continue to improve.