

ALFA
LFA



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

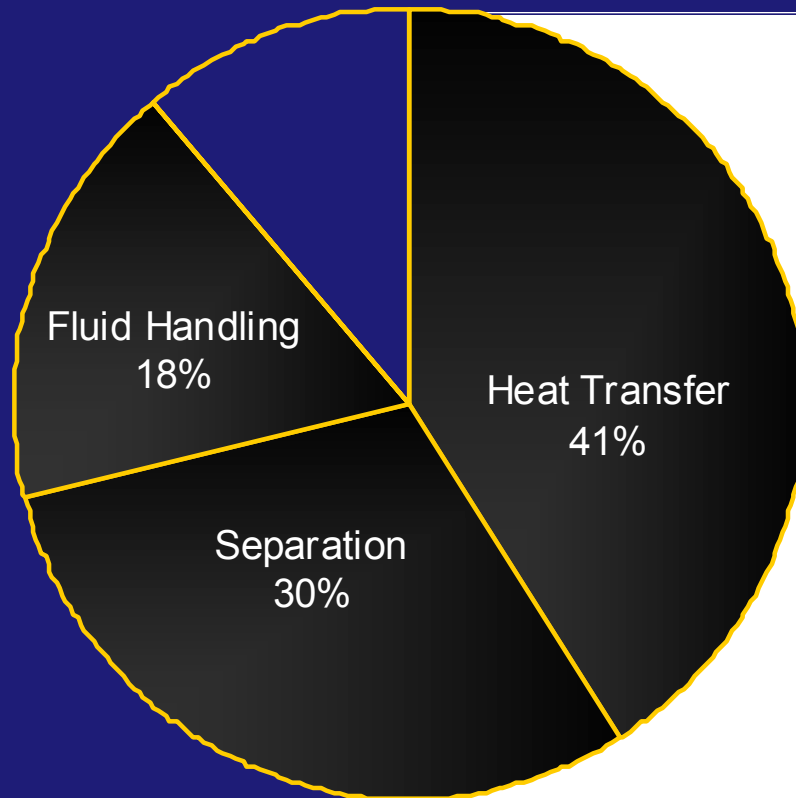


A global company

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



Capital sales 2003

Heat Transfer



Market share
36%

Separation



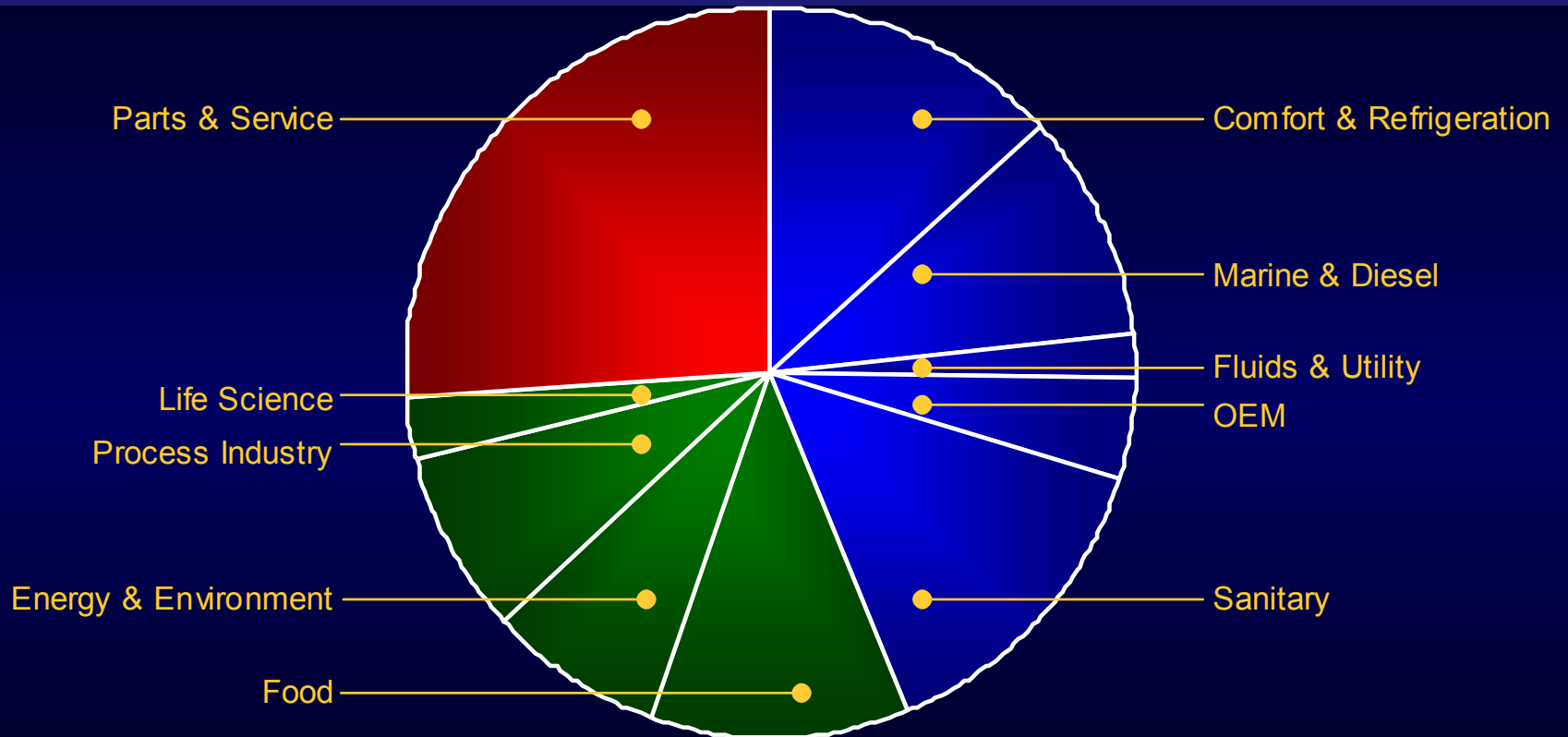
Market share
24%

Fluid Handling



Market share
10%

Sales volume by Segment



January – March 2004

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

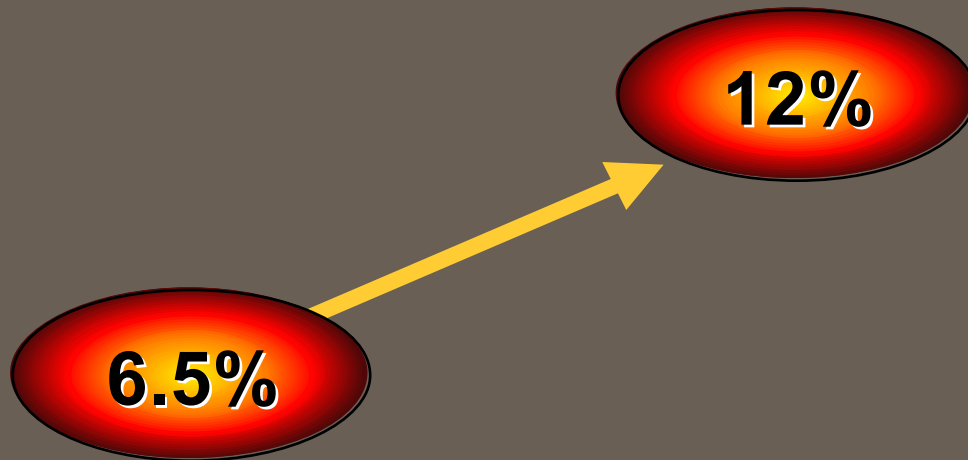


Financial targets for the Alfa Laval Group



Volume growth **5%**
EBITA **12-15%**
ROCE **> 20%**

Development 1999 to 2003



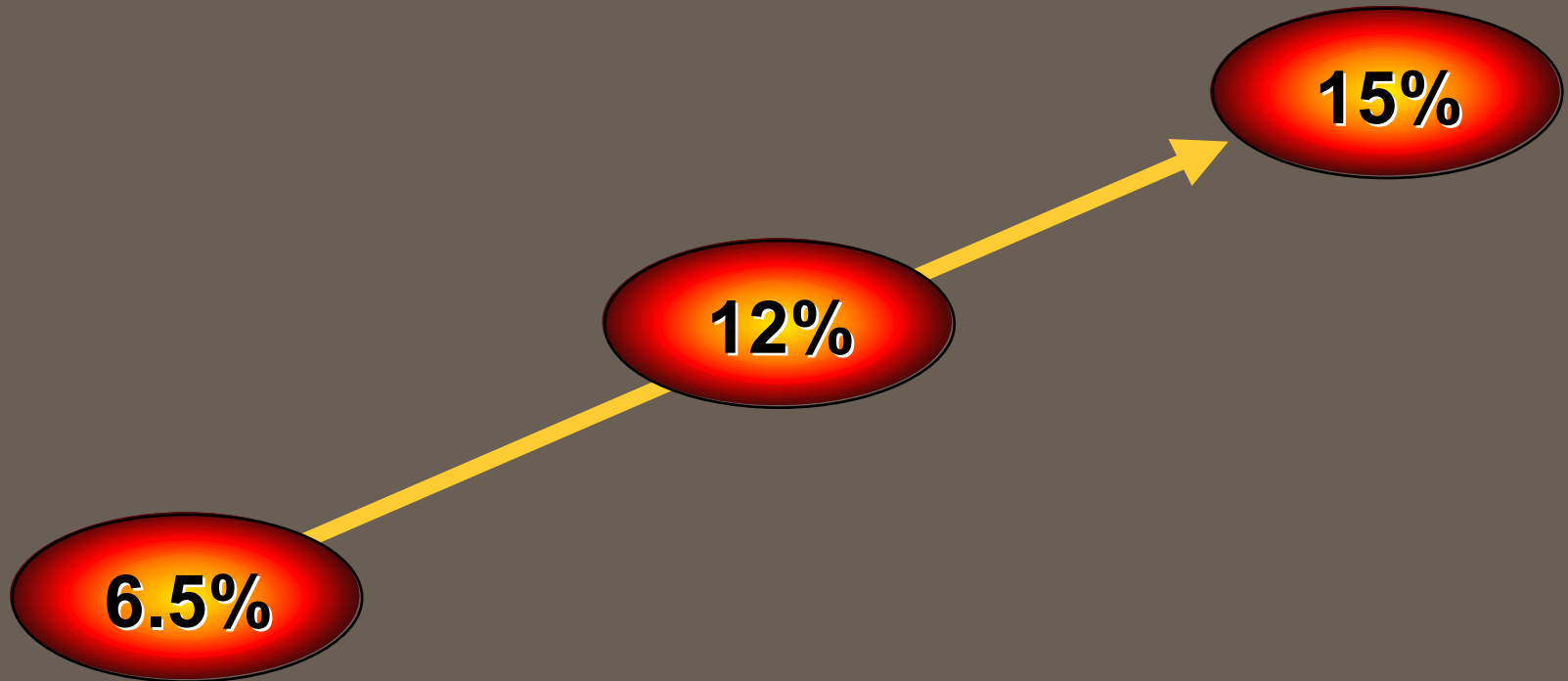
Our focus

Cost

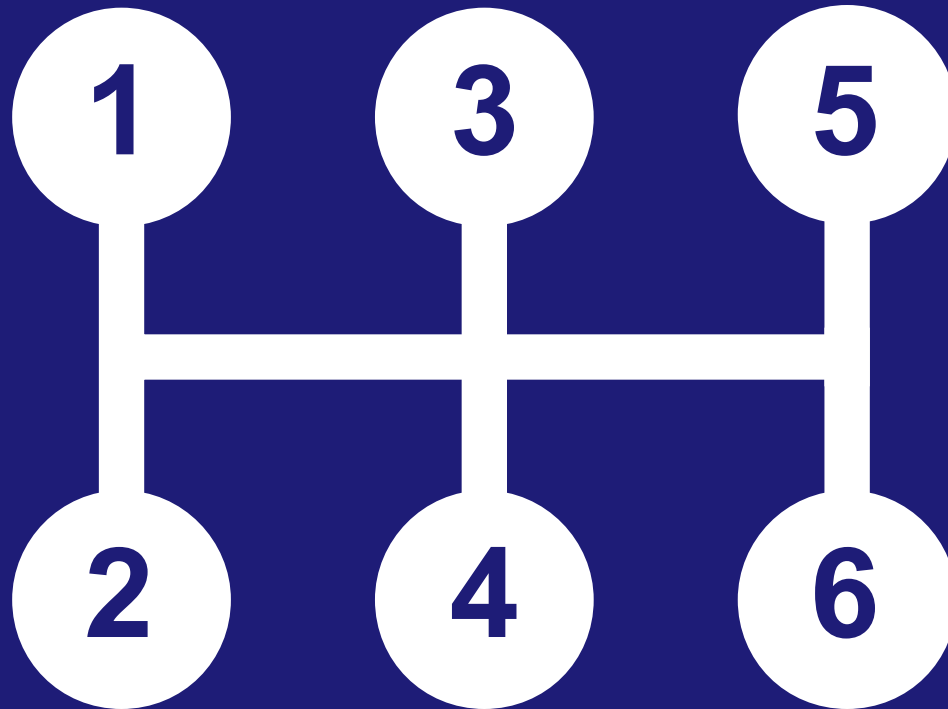
Parts & Service

Profitable growth

Our Challenge



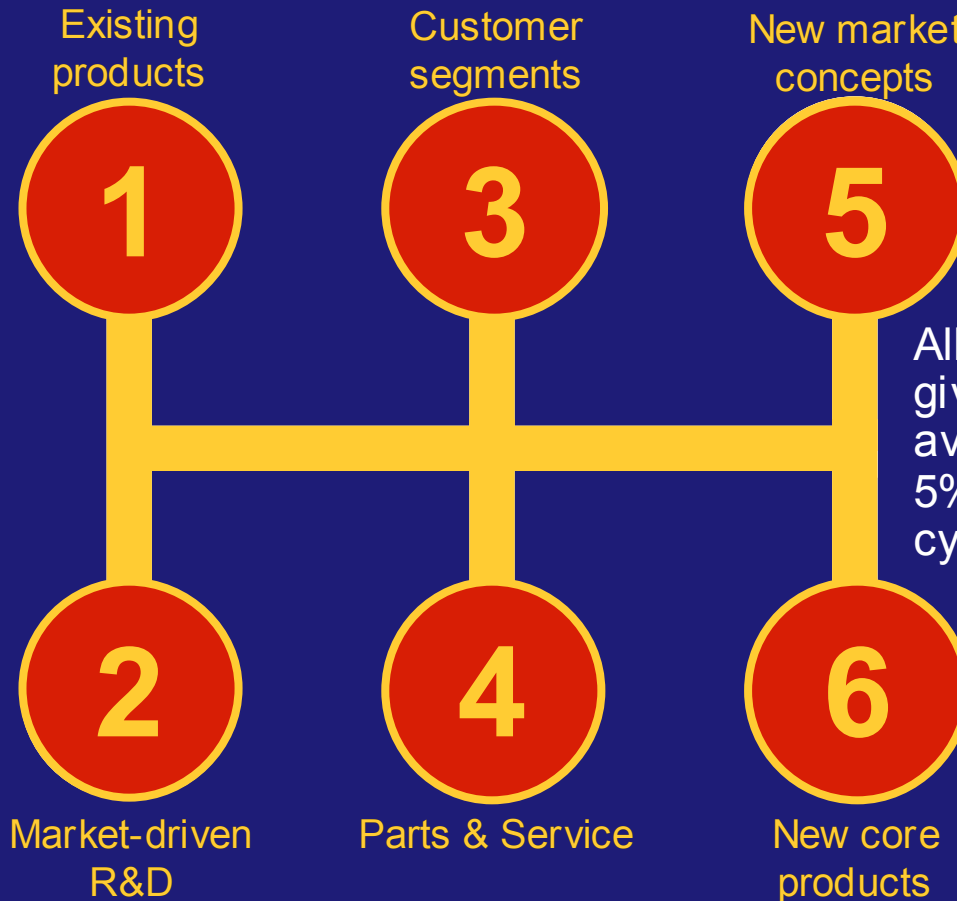
Accelerating growth: The six step Alfa Laval gearbox



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?



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

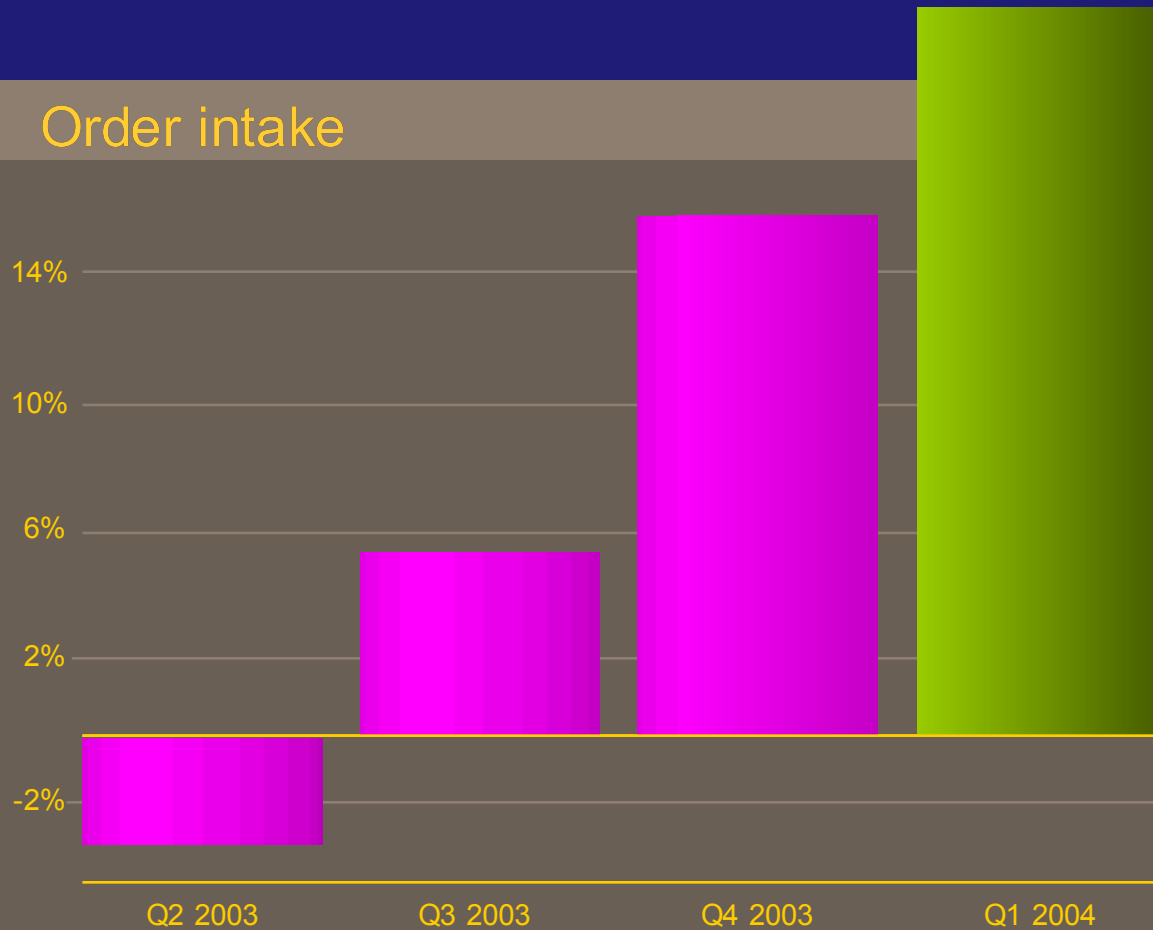
- **Alfa Laval Inc. was as of March 31, 2004 named co-defendant in a total of 131 asbestos-related lawsuits with a total of approximately 20,000 plaintiffs. The lawsuits filed in Mississippi account for approximately 99% of all plaintiffs.**
- **Alfa Laval continues to believe:**
 - that claims and defense 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

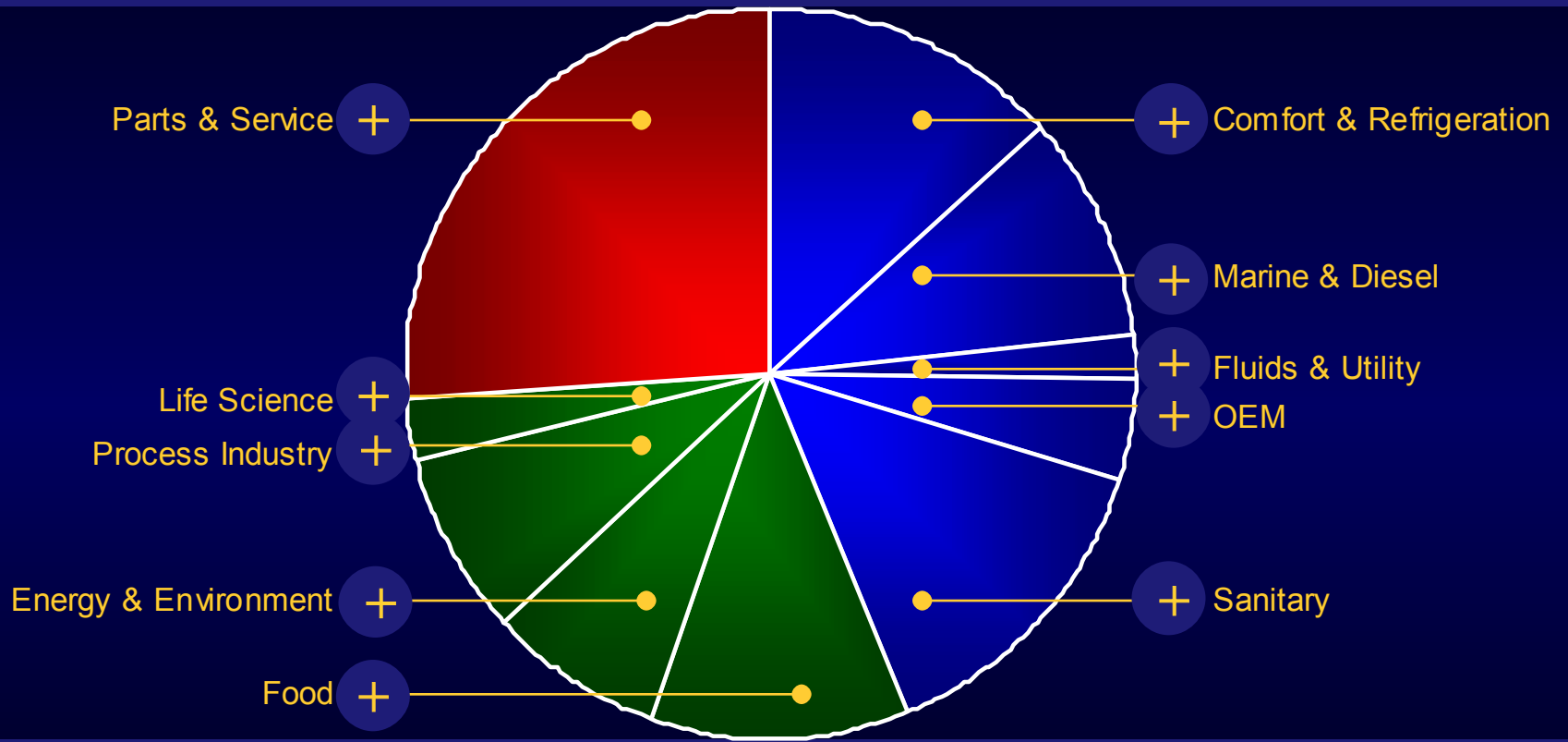
Q104	● Order intake:	3,929 MSEK
	● Net sales:	3,184 MSEK
	● Adjusted EBITA / margin:	383 MSEK / 12.0 %
	● Profit before tax:	211 MSEK
	● Cash flow from operating activities:	321 MSEK
	● ROCE:	22.0 %

Q on Q vs last year (excl FX)

Order intake

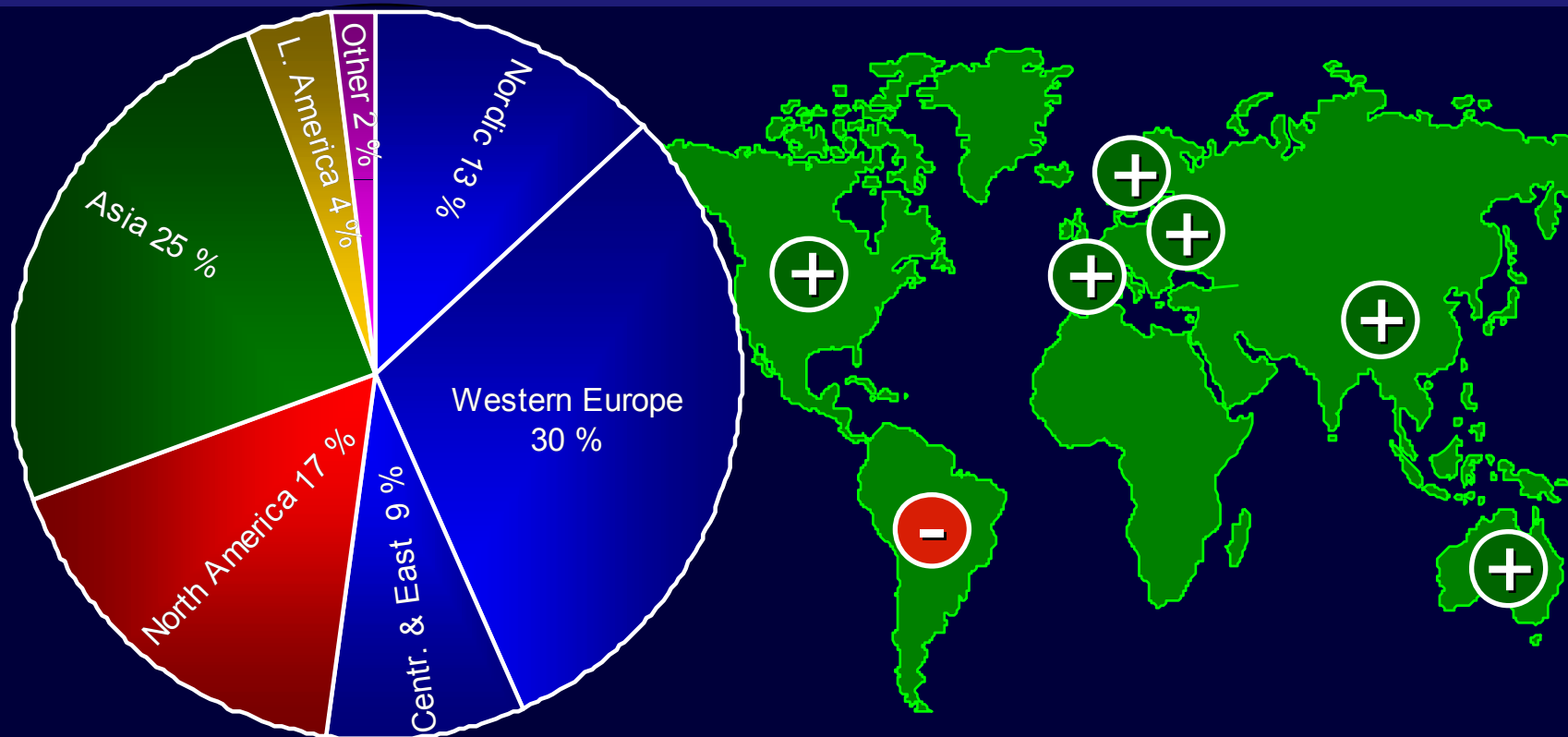


Orders received by Segment



January - March 2004

Orders received by Region



January – March 2004

Adjusted EBITA

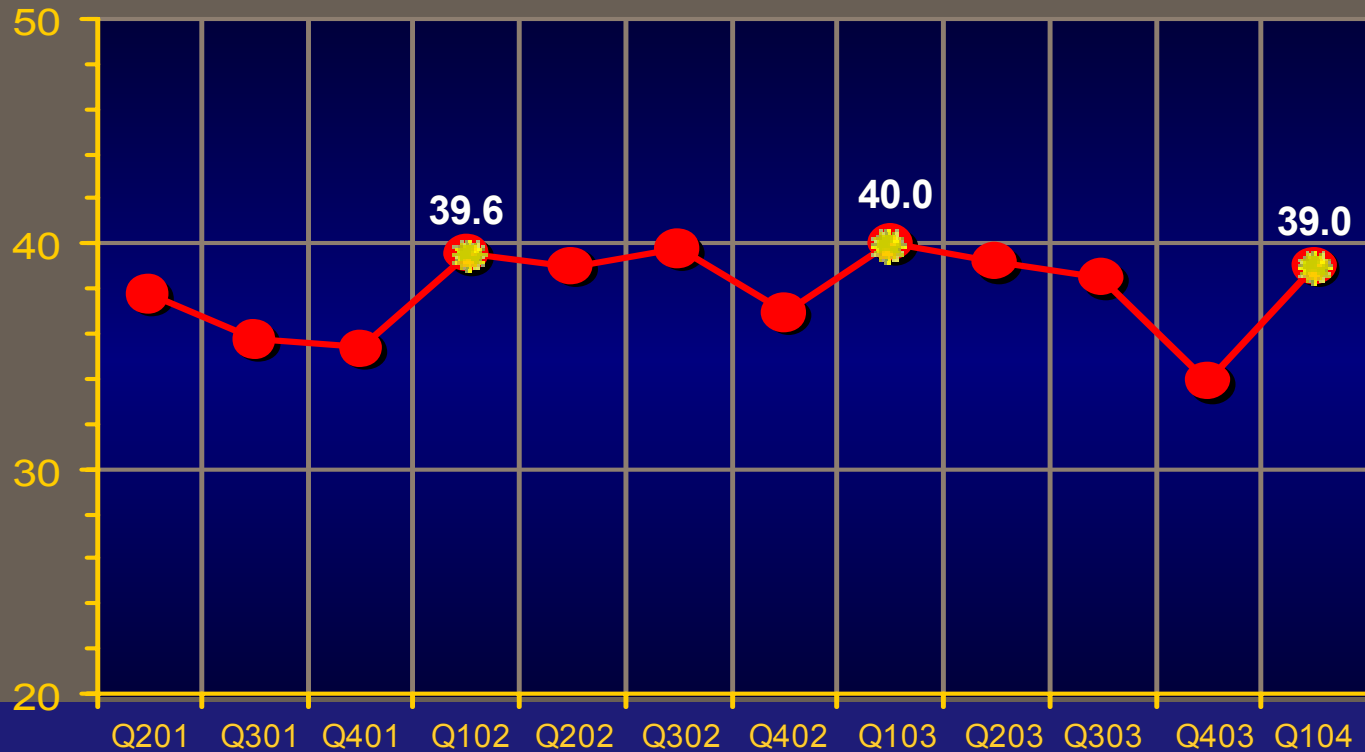
MSEK	Q1
2003	321
2004	383
Deviation	62
FX. translation	20
FX. transaction	48
Deviation excl FX	130

Consolidated Profit and Loss

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

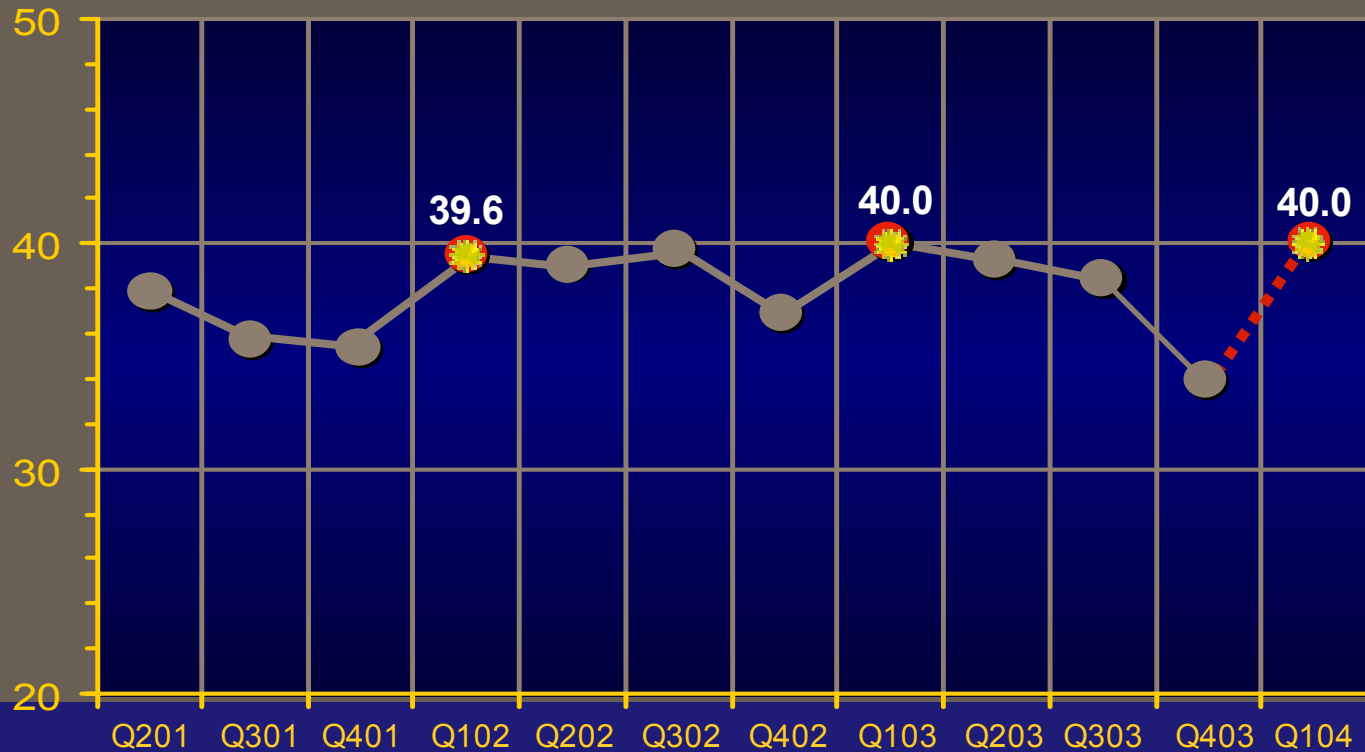
Gross profit margin

In percent of sales

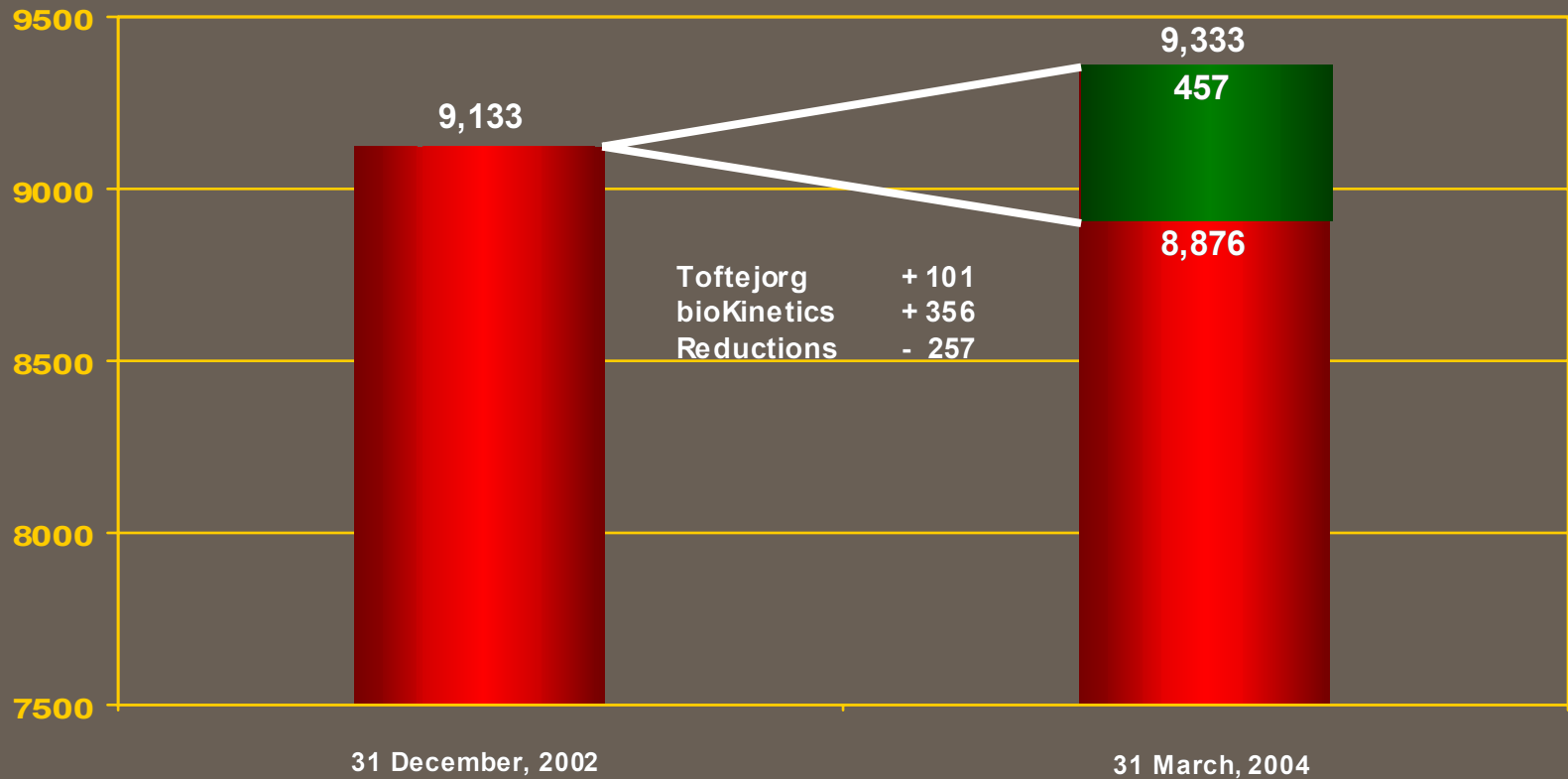


Gross profit margin

In percent of sales, excluding transaction effects Q104



Number of employees



Taxes

	Jan-Mar 2004
MSEK	
Profit after financial items, MSEK 211	
- taxes, 33 % average	- 70
Major adjustment items	
- goodwill, MSEK 49	} - 44
- loss making countries, MSEK 84	
Other items	+ 22
	<hr/>
Taxes according to P&L	- 92
- in % of PBT	43.6

Cash-flow statement

MSEK	Q1 2004	Q1 2003
Cash flows from		
- operating activities	321	215
- investing activities	- 67	- 72
Financial net paid	- 44	- 21
Dividends	0	0
Total	210	122
Pro Forma Free-cash-flow*	204	137

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

Foreign exchange

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

MSEK	Q1	Q2-Q4	WY
Translation effect	- 20	- 40	- 60
Transaction effect	- 48	- 187	- 235
Total	- 68	- 227	- 295

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.

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