Today’s program


• **Introduction**
  Sigge Haraldsson

• **Parts & Service in the Process Technology division**
  Ulf Granstrand and Mikael Carleson

• **Equipment division - selling to multiple sales channels**
  Svante Karlsson and Ole Petersen

• **Logistics and manufacturing**
  Göran Mathiasson

• **Financials**
  Thomas Thuresson

• **Questions and Answers**
  Sigge Haraldsson
Summary
Interim Report Q2 2004

Mr. Sigge Haraldsson
President and CEO
Alfa Laval Group
## Highlights

**Q204**

- **Order intake:** 4,174 MSEK
- **Net sales:** 3,798 MSEK
Q on Q vs. last year (excl FX)

Order intake

Q3 2003: 6%
Q4 2003: 14%
Q1 2004: 18%
Q2 2004: 18%
Highlights

Q204

- Order intake: 4,174 MSEK
- Net sales: 3,798 MSEK
- Adjusted EBITA / margin: 420 MSEK / 11.1 %
### Adjusted EBITA

<table>
<thead>
<tr>
<th></th>
<th>Q2</th>
<th>H1</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSEK</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>412</td>
<td>734</td>
</tr>
<tr>
<td>2004</td>
<td>420</td>
<td>803</td>
</tr>
<tr>
<td>Deviation</td>
<td>8</td>
<td>69</td>
</tr>
<tr>
<td>FX. translation</td>
<td>10</td>
<td>30</td>
</tr>
<tr>
<td>FX. transaction</td>
<td>65</td>
<td>113</td>
</tr>
<tr>
<td>Deviation excl FX</td>
<td>83</td>
<td>212</td>
</tr>
</tbody>
</table>

* Adjusted EBITA – “Earnings before interests, taxes, amortization of goodwill and step up values and comparison distortion items.”*
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."
Gross profit margin

In percent of sales

Pricing & volume leverage
approx. 0.7% = 39.2%

Sales mix
approx. 1.0% = 38.5%

FX approx. 1.7% = 37.5%
Further strengthen profitability

- Raw material ........ two price increases
- Price pressure ....... less than 12 months ago
- Incentive ........... increased focus on profit
- Assertiveness ........ price increase created new level
- Volume leverage .... high level of factory utilization
Highlights

Q204

- Order intake: 4,174 MSEK
- Net sales: 3,798 MSEK
- Adjusted EBITA / margin: 420 MSEK / 11.1%
- Profit before tax: 259 MSEK
## Highlights

<table>
<thead>
<tr>
<th></th>
<th>Order intake:</th>
<th>4,174 MSEK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q204</td>
<td>Net sales:</td>
<td>3,798 MSEK</td>
</tr>
<tr>
<td></td>
<td>Adjusted EBITA / margin:</td>
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</tr>
<tr>
<td></td>
<td>Profit before tax:</td>
<td>259 MSEK</td>
</tr>
</tbody>
</table>

|        | Adjusted EBITA / margin: | 803 MSEK / 11.5 % |
| H104   |                           |             |
Highlights

Q204
- Order intake: 4,174 MSEK
- Net sales: 3,798 MSEK
- Adjusted EBITA / margin: 420 MSEK / 11.1%
- Profit before tax: 259 MSEK

H104
- Adjusted EBITA / margin: 803 MSEK / 11.5%
- Profit before tax: 470 MSEK
- Cash flow from operating activities: 519 MSEK
- ROCE: 22.5%
- Alfa Laval Inc. was co-defendant in 143 asbestos-related lawsuits with approximately 21,200 plaintiffs.
Orders received by Segment

January – June 2004
Orders received by Region

January – June 2004

North America 16 %
North Asia 26 %
Centr. & East 8 %
Nordic 13 %
Western Europe 31 %
L. America 3 %
Other 2 %
Outlook 2004

Alfa Laval is expecting …

… a very strong increase in orders received during the full year 2004.

… that the EBITA-margin, excluding exchange rate variations, will continue to improve.
Update on key initiatives

Mr. Sigge Haraldsson
President and CEO
Alfa Laval Group
AlfaNova - 12 months after

- New markets
- Available today in four sizes
- Pace of 14 000 units/year
- Launch of one more size within short
AlfaCond - 12 months after

• High interest and quick acceptance from the market
• Pace of 60 units/year
• Second size introduced
Cleaning of crankcase gases

- New innovative solution to separate fluids and solids from gases
- Require manufacturers of diesel engines to clean also the crankcase gases
- A cooperation with Haldex resulted in Alfdex, a jointly owned company
The Alfdex initiative

- Most of the engine manufacturers have already done their initial tests.
- Estimated market potential of BnSEK 1 per year
- Letter of intent from Scania
Organic and acquired growth

Existing products

1

Customer segments

3

New market concepts

5

Market-driven R&D

2

Parts & Service

4

New core products

6

All six gears should give us an annual average growth of 5% over a business cycle.
Profit generation through market penetration

Mr. Sigge Haraldsson
President and CEO
Alfa Laval Group
Financial Targets

Volume growth: 5%
EBITA: 12 - 15%
ROCE: > 20%
Our Mission

To optimise the performance of our customers’ processes. Time and time again.
## Customer focus

<table>
<thead>
<tr>
<th>Beverage</th>
<th>Oil and gas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biochemical</td>
<td>Pharmaceutical</td>
</tr>
<tr>
<td>Brewery</td>
<td>Power generation</td>
</tr>
<tr>
<td>Chemical</td>
<td>Refrigeration</td>
</tr>
<tr>
<td>Engineering</td>
<td>Steelworks</td>
</tr>
<tr>
<td>Fish and meat processing</td>
<td>Starch</td>
</tr>
<tr>
<td>Food processing</td>
<td>Sugar</td>
</tr>
<tr>
<td>Heating and ventilation</td>
<td>Vegetable oil</td>
</tr>
<tr>
<td>Marine</td>
<td>Water and waste water treatment</td>
</tr>
<tr>
<td>Mining</td>
<td></td>
</tr>
</tbody>
</table>
Focus on customer segments

10 Customer Segments

2001
A customer segment offers

- Single products
- Product packages
- Added value; modules, systems, new products and service contracts
- Process knowledge and expertise
Focus on customer segments

Equipment division
To offer a range of high-performance products and solutions for customers who have a well-defined and regular need. A multiple sales channel strategy to reach end-users.
Focus on customer segments

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To offer a range of high-performance products and solutions for customers who have a well-defined and regular need. A multiple sales channel strategy to reach end-users.
Focus on customer segments

Process Technology division
To offer unique solutions helping customers to optimize their processes. Our scope includes everything from components to systems.
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