• China – macro views
• Presence and Structure
• Sales Statistics
• Strategies
• Summary
## Macroeconomic Indicators

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005e</th>
<th>2006f</th>
<th>2007f</th>
<th>2008f</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (bn)</td>
<td>1.30</td>
<td>1.30</td>
<td>1.31</td>
<td>1.32</td>
<td>1.33</td>
</tr>
<tr>
<td>GDP Per Capita (US$)</td>
<td>1,489</td>
<td>1,705</td>
<td>1,998</td>
<td>2,351</td>
<td>2,761</td>
</tr>
<tr>
<td>Real GDP Growth (%)</td>
<td>10.1</td>
<td>9.9</td>
<td>9.3</td>
<td>9.4</td>
<td>9.5</td>
</tr>
</tbody>
</table>
Economic Outlook

- China continues to be the fastest growing major economy in the world
- Consumption and exports start to contribute more to the overall growth
- Continued record levels of Foreign Direct Investments (US$ 60bn in 2004) and growing Outward FDI
- Further need to reduce level on non-performing loans in the banking sector
- Continues fears that the current high growth rate is unsustainable
- Continued pressure on revaluation of the Yuan
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Presence in China
Alfa Laval Factory in Jiang Yin
Factory Area

- Founded in 1994
- Total site area: 23000 m²
- Total Staff: 210
- Codes & Approvals
- 2005 Production Volumes: appr. 24 M EUR
- 70% Local Market, 30% Export
Alfa Laval Factory in Kunshan
Alfa Laval Factory in Kunshan
Alfa Laval Factory in Kunshan

- Founded in 1997
- Total site area: 15000 m²
- Total Staff: 230
- Codes & Approvals
- 2005 Production Volume: appr. 16 M EUR
- 18% Local Market, 82% Export
Focus on customer service
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Facts on AL China

2005

- Order intake, MEUR 145
- Employees
  - Sales & Services 173
  - Regional support 26
- Service centers 2
- Production facilities 2
- Employees 440
Orders received by Country

L36M
Average Annual Growth 14.9%

China 7%
Orders received by Segment
China, April 2005 – March 2006

- Parts & Service
- Life Science
- Process Industry
- Energy & Environment
- Food
- Comfort & Refrigeration
- Marine & Diesel
- Fluids & Utility
- OEM
- Sanitary
The markets we are in …

a few highlights

• **Nuclear Power** – China will build 30 more nuclear power units and increase its installed capacity to 40GW by 2020

• **Fuel Ethanol** – production is expected to increase from 0.4 to 3.5 MTPA over next 10 years

• **Refining** – By 2020 capacity is expected to be up by 85% to 450MTPA which means 10-12 new refineries and petrochemical facilities

• **Refrigeration** – Both industrial and commercial refrigeration markets are expected to continue to grow at rates between 15-20%

• **Shipbuilding** - China is expanding its shipbuilding capacity and is today with 14% the third largest player in the market
Distribution of shipbuilding

Geographical split

Trends and Medium Term Forecast
Source: MSR May 2003
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Priorities within existing strategy

- Profitable Growth
- Presence
- Aftermarket
- Product Management
- Time to Market