Strong market positions and global presence

- An introduction
- Priorities
- Financial targets and outlook

Mr. Lars Renström
President and CEO
Alfa Laval Group
Alfa Laval in a nutshell

- Sales (2005): SEK 16,500 million
- Orders received (2005): SEK 18,500 million
- Employees: 10,000
- 20 production units
- 70 service centres
- Sales companies in 55 countries
- Sales representation in further 45 countries
Key Technologies

Separation

Heating transfer

Fluid handling
No 1 globally in all three product groups

- Heat transfer: 48%
- Separation: 31%
- Fluid handling: 14%

Market share:
- Heat transfer: > 30%
- Separation: 25–30%
- Fluid handling: 10%
Examples of end-users

- Process Industry
- Marine
- Pharmacy / Biotech
- Brewery
- Comfort & Refrigeration
Examples of end-users

Food

Bio fuels

Environment

Oil & gas

www.alfalaval.com
Energy and energy related industry

Orders received from energy and energy related industry

approx. 40%
Liquid Natural Gas (LNG)

- Offshore platforms
- Onshore LNG gas receiving terminal
- LNG transport carriers
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Priorities within existing strategy

- Reinforced focus on profitability
- Presence in China, India and Russia
- Time to market
- Aftermarket
- Acquisitions
Focus on profitability

- Compensation for increased raw-material prices
- Price and profitability per product and customer

”Pricing power”
Geographical coverage – local presence

Orders received January – December 2005

- Western Europe: 30%
- Asia: 29%
- North America: 15%
- Centr. & East: 8%
- Nordic: 10%
- L. America: 5%
- Other: 2%

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Order intake 2005

+43%
Increased local presence

[Map showing flags of India, Russia, and China]
Direct labor hours in Asia

42%
New products - the base for profitable growth

Research and Development approx. 3 percent of the turnover

T50 – an efficient giant

- One of the largest gasketed plate heat exchangers in the world
- Main application: central cooling
Increased focus on the aftermarket

- Less sensitive
- Increased turnover per customer
- Closer relations with our customers

Order intake 2005
# Acquired growth

## Two well-timed acquisitions

<table>
<thead>
<tr>
<th>Company</th>
<th>Description</th>
<th>Customer segments</th>
<th>Annual sales</th>
<th>Profit margin</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tranter</strong></td>
<td>Very strong brand-name among plate heat exchanger</td>
<td>HVAC, Process, Industry, Marine</td>
<td>MSEK 900</td>
<td>Above Group-average</td>
</tr>
<tr>
<td><strong>Packinox</strong></td>
<td>World leader in large welded plate heat exchangers for the hydrocarbon industry</td>
<td>Refineries and Petrochemicals</td>
<td>MSEK 500</td>
<td>Above Group-average</td>
</tr>
</tbody>
</table>

Add 9% profitable growth
- An overview
- Priorities
- Financial targets and outlook
Financial Targets

- Growth: > 5%
- EBITA-margin: 10 - 13%
- ROCE: > 20%
Orders received

% Q on Q vs last year excl FX

Q103 Q203 Q303 Q403 Q104 Q204 Q304 Q404 Q105 Q205 Q305 Q405 Q106

SEK million R 12

= rolling twelve months value

= % development compared with the same quarter the year before
Adjusted EBITA / margin *

SEK million and in percent of sales

* Adjusted EBITA – "Earnings before interests, taxes, amortization of goodwill and step up values and comparison distortion items."
Outlook for the near future after Q1

“In most of the markets, geographical as well as customer segments, that Alfa Laval serves a continued very strong demand is expected.”