

Economic Summary

- GDP of \$12.5 trillion
- CPI excluding Fuel and Food of 2.1%
- Fed Funds rate of 4.5%
- Housing Starts of 2.1 million
- Gasoline consumption of 140 Billion gallons/yr

CURRENT FORECASTS



GDP

Growth slipping to 3.3% this year



Interest rates

Prime rate reaching 8%



Inflation

Moderating to 2.8%



Employment

2 million more jobs



Trade deficit **NEW FORECAST**

Rising to \$730 billion,
5.6% of GDP



Crude oil

Over \$70 a barrel by June



Housing sales

Easing 6.5% to 7.8 million



Retail sales growth

Decelerating to 4%

Interest Rates & Inflation

- Current Core CPI (excl Food & Energy) of 2.1% is running a little high
- Expect the Fed to continue to raise rates
 - The overnight rate of 4.5% may rise to 5.25% by YE
- Budget deficit will also drive rates higher
- Rates in Japan and Europe are on the rise as well

Housing

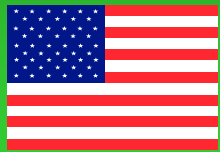
- Housing Starts of 2.1 million
 - Starts will decline about 10% to 1.85 million with luxury properties taking the biggest hit
- Prices have increased 9.2% per annum since 2001 and are expected to rise by only 3% in 2006.
 - Sales should decline by 6.5% to 7.8 million
- Above will impact GDP by -.7% in 2006

Energy

- West Texas Crude is approx. \$60/barrel
- Upward pressure on crude prices due to
 - Threats to supply in Nigeria and Iran
 - Seasonal production ramp-up to meet summer demand
 - Could reach \$75 by June
- Gasoline projected to hit \$2.75 by July 4th, settling back to \$2.20 in the Fall

Alfa Laval USA History

- Chartered in 1885 as DeLaval Separator
- 1892-1919 Sales increase from 0,3 MUSD to 8,3 MUSD
- 1970 Alfa Laval acquired Contherm , scraped surface heat exchanger
- 1980 The name DeLaval changed in Alfa Laval for all entities
- 1986 Alfa Laval acquired Tri-Clover , leader in sanitary flow industry
- 1987 Alfa Laval acquired Equipment Engineering today Greenwood
- 1988 Sharples and Alfa Laval joined to form the largest separation company in the world
- 1990 Alfa Laval acquired Peck Purifier today Chesapeake
- 2000-2005 Merge 5 legal entities into 1
Re-structure 3 Business Area into 3 Divisions
Create the Business segment sanitary (Flow + Tri-Clover)
Re-structure Operations
Move Head Quartier to Richmond VA
and



USA

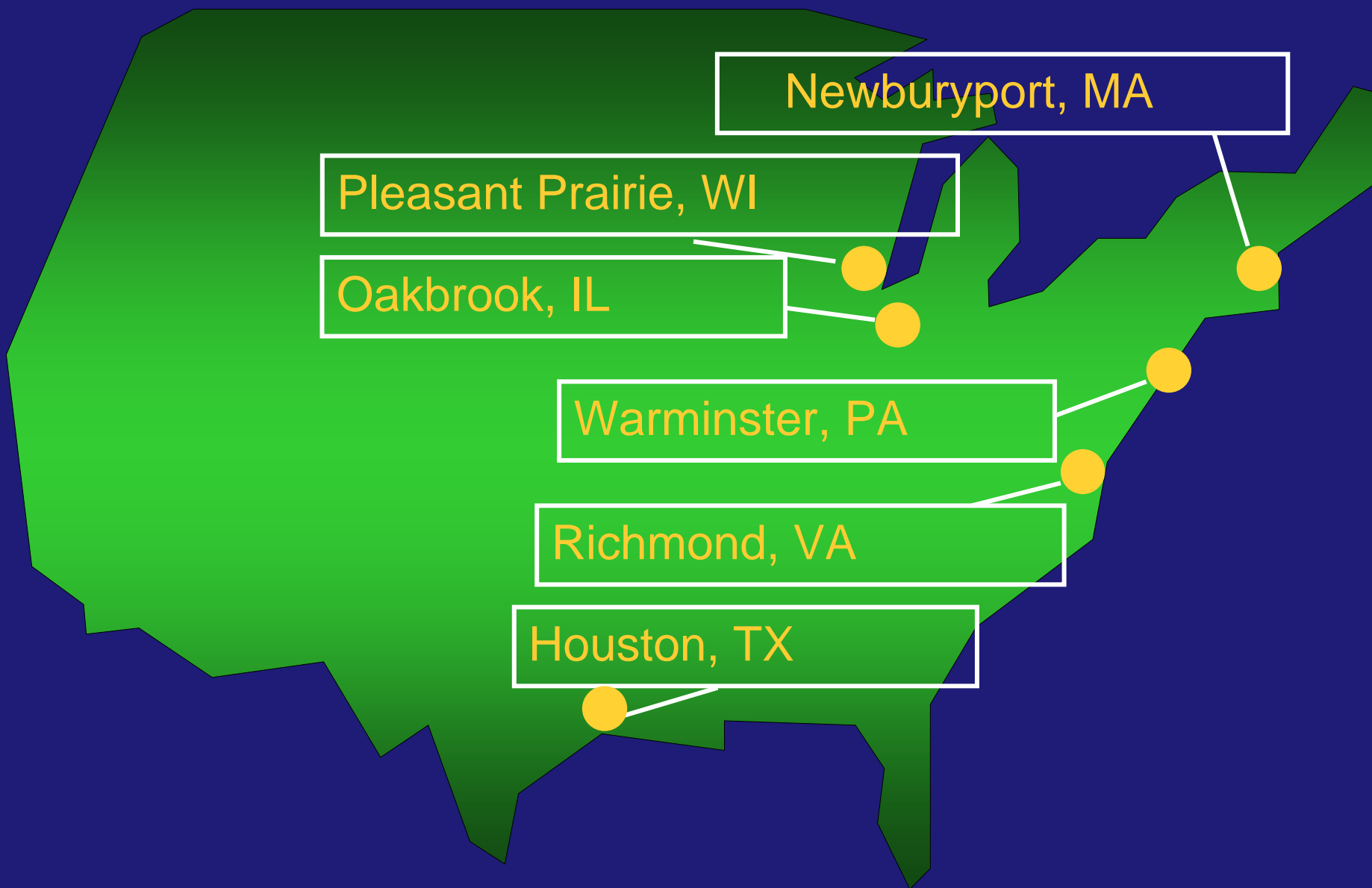
638 own employees
300 external channels

- Head Quartier
- Sales offices (6)
- Operations (3)
- Service centers (4)



USA

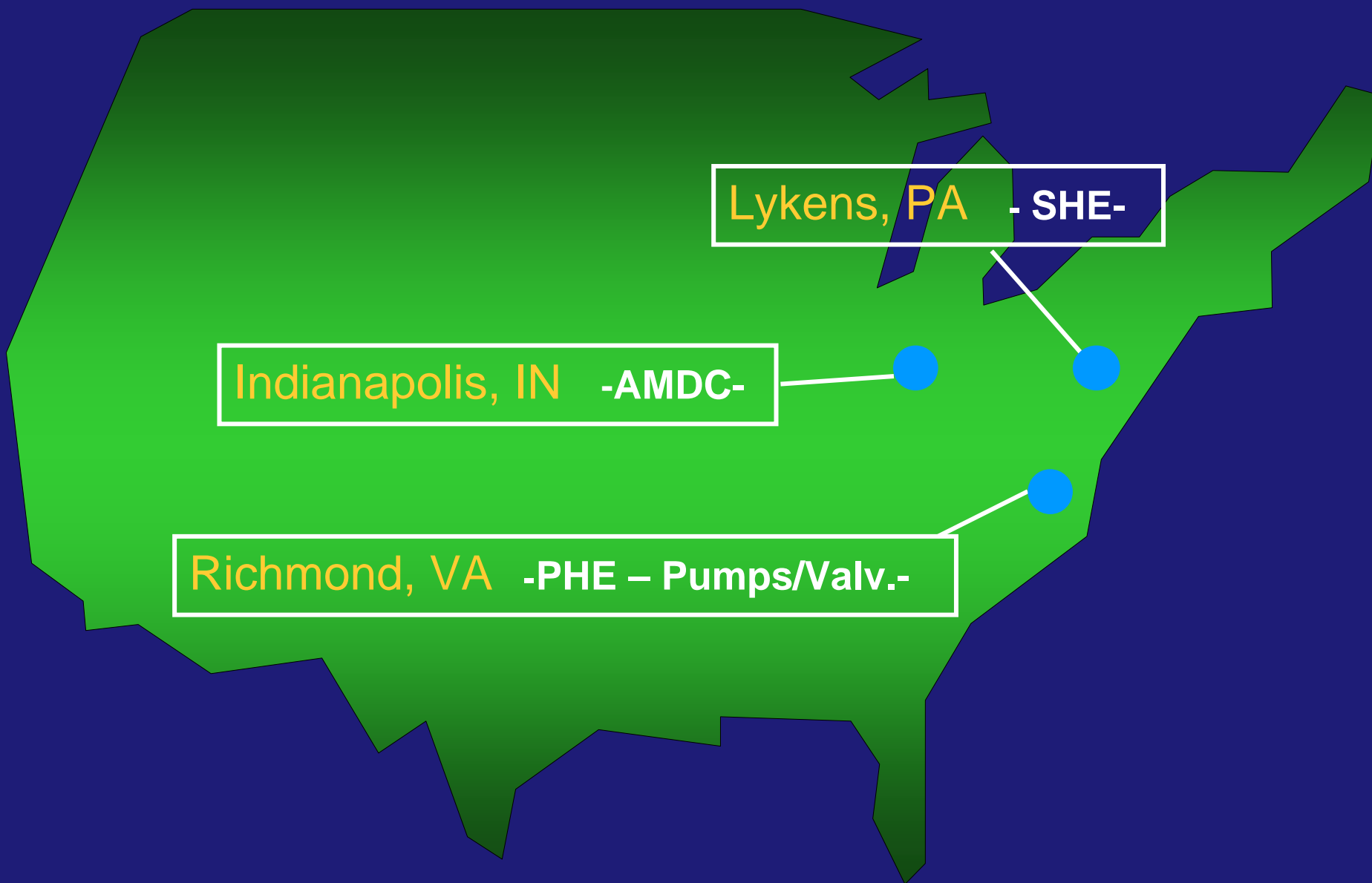
● Sales offices





USA

● Operations



Lykens, PA -SHE-

Indianapolis, IN -AMDC-

Richmond, VA -PHE - Pumps/Valv.-





yesterday

ALFA LAVAL US Sales Company

Process Tech. Div.

- Agro Environmental
- Food & Beverage
- Industrial Technology
- Life Science & HSS

Equipment Div.

- EOE – ERC
- ESE – P&S ESE
- EFU – ERD - EMC

Parts&Service Div.

- PPS
- EPS Marine
- EPS Industrial
- P&S Operation & FS

USA point of view



USA

ALFA LAVAL US Sales Company

today

EQD

PTD

ESE – P&S ESE

EOE - ERC

EFU – ERD - EMC

EPS Marine

EPS Industrial

Agro & Environment

Food & Beverage

LS & HSS

PPS

P&S Op. & Field Ser

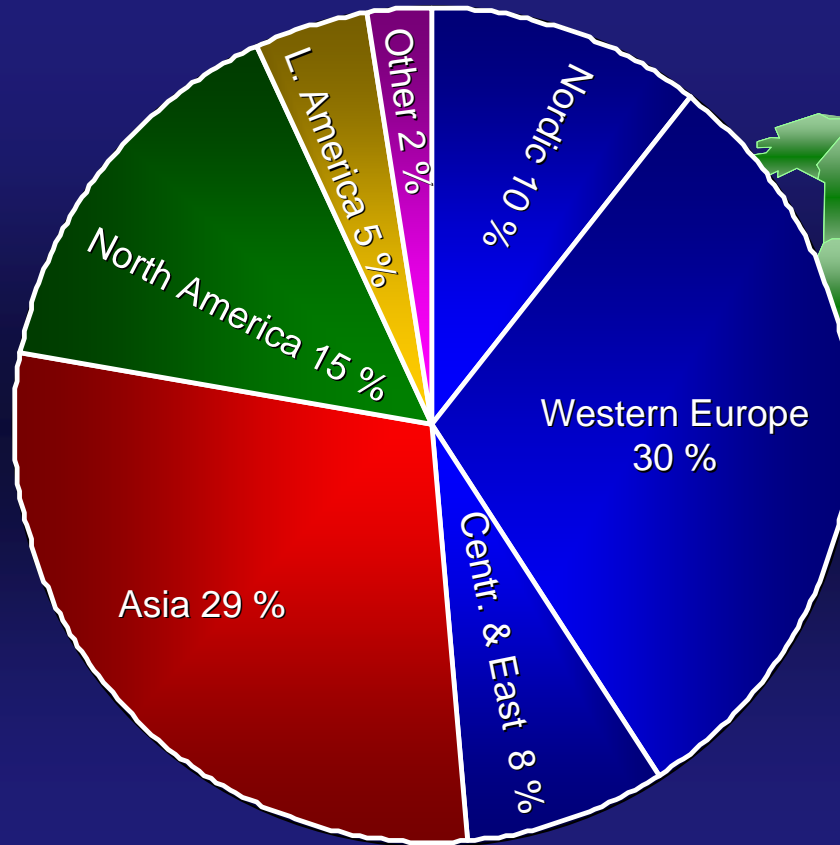
PIT Industrial Tech.

USA point of view

www.alfalaval.com

Orders received by Region

January – December 2005, at constant rates



Highlights USA

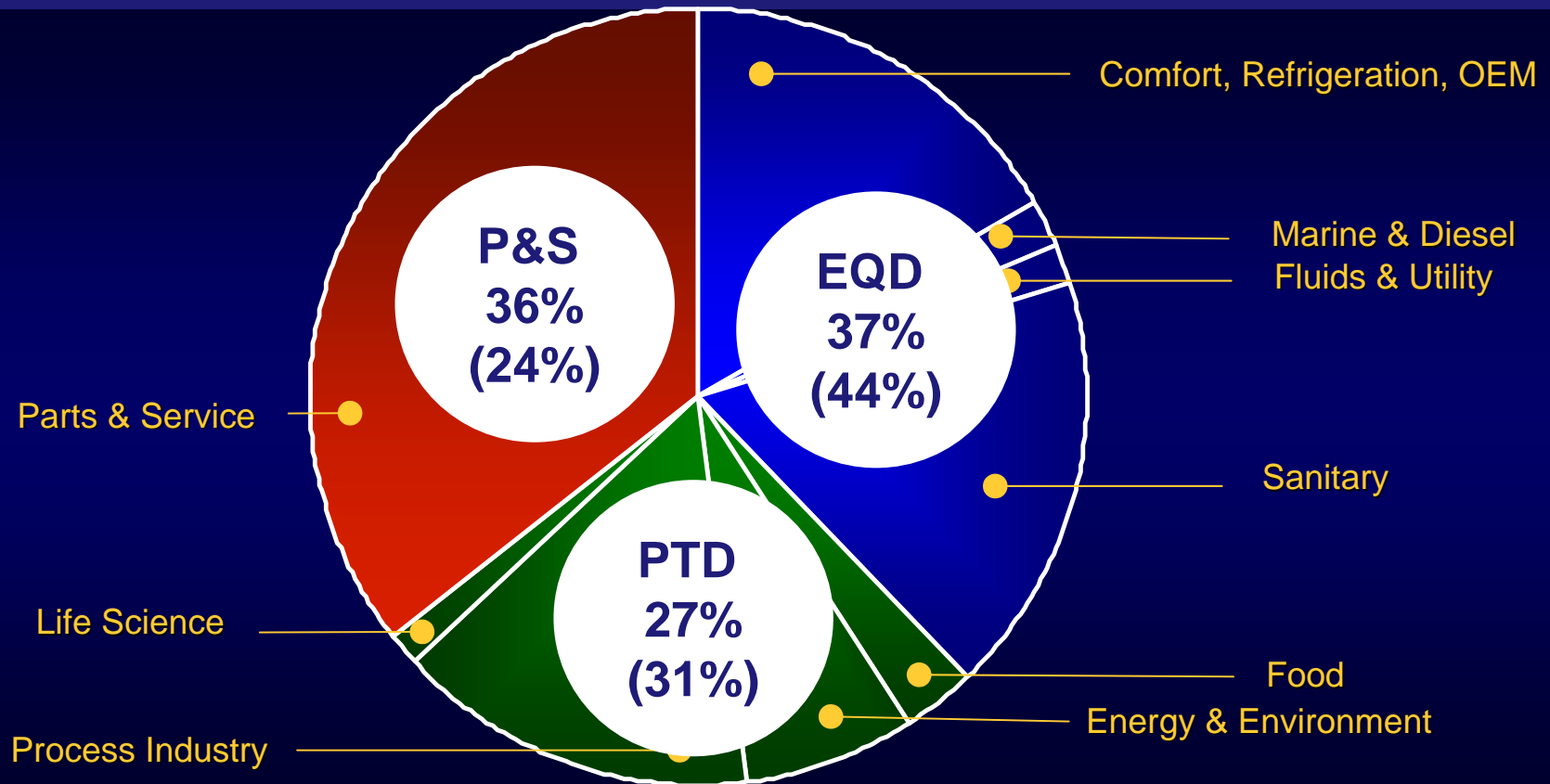
October – December 2005, at constant rates

USA

- Good development of base sales.
- High activity in fuel ethanol.
- High activity in Energy/Oil&Gas
- Continuous growth in Parts&Service
- Good recovery in profitability for all segments



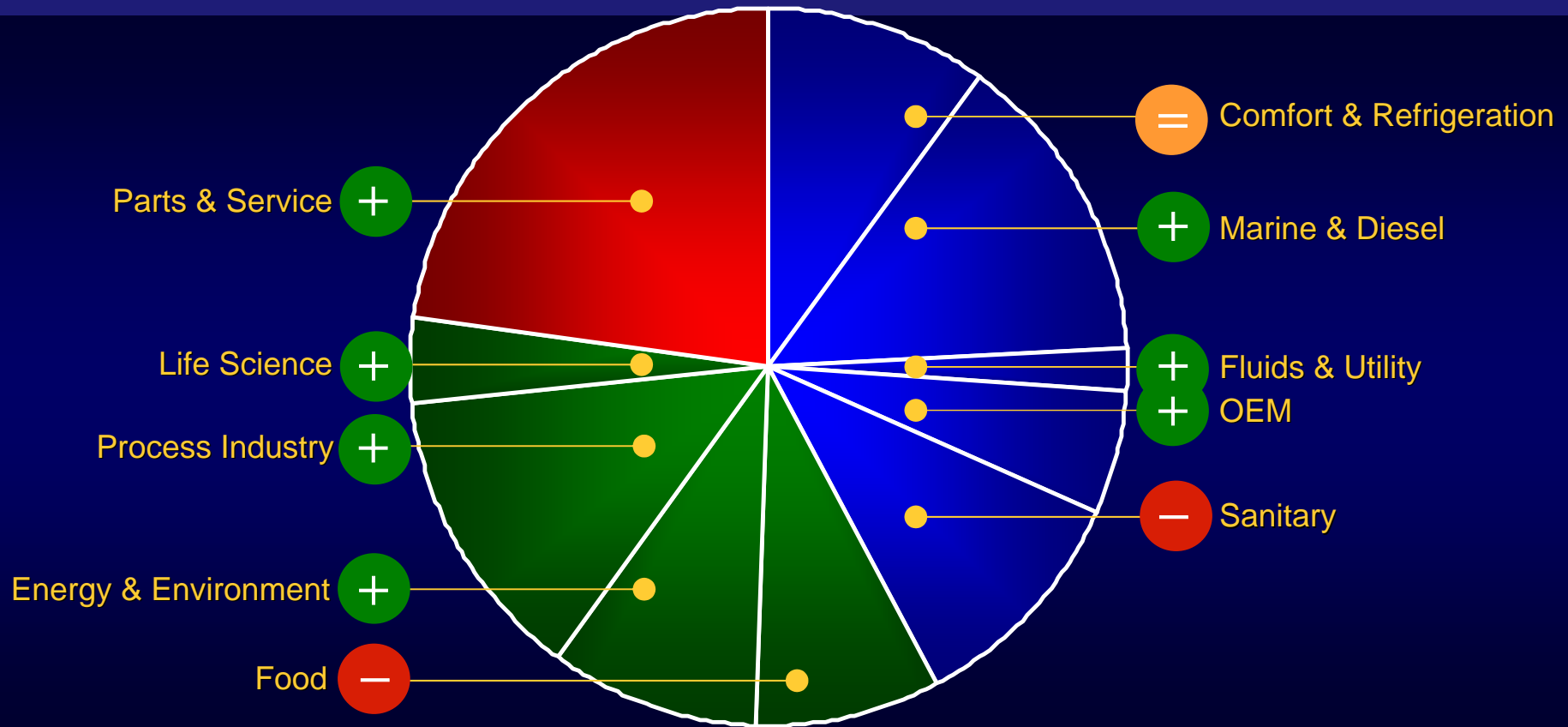
Orders Received in the USA



(Total Alfa Laval percentage)

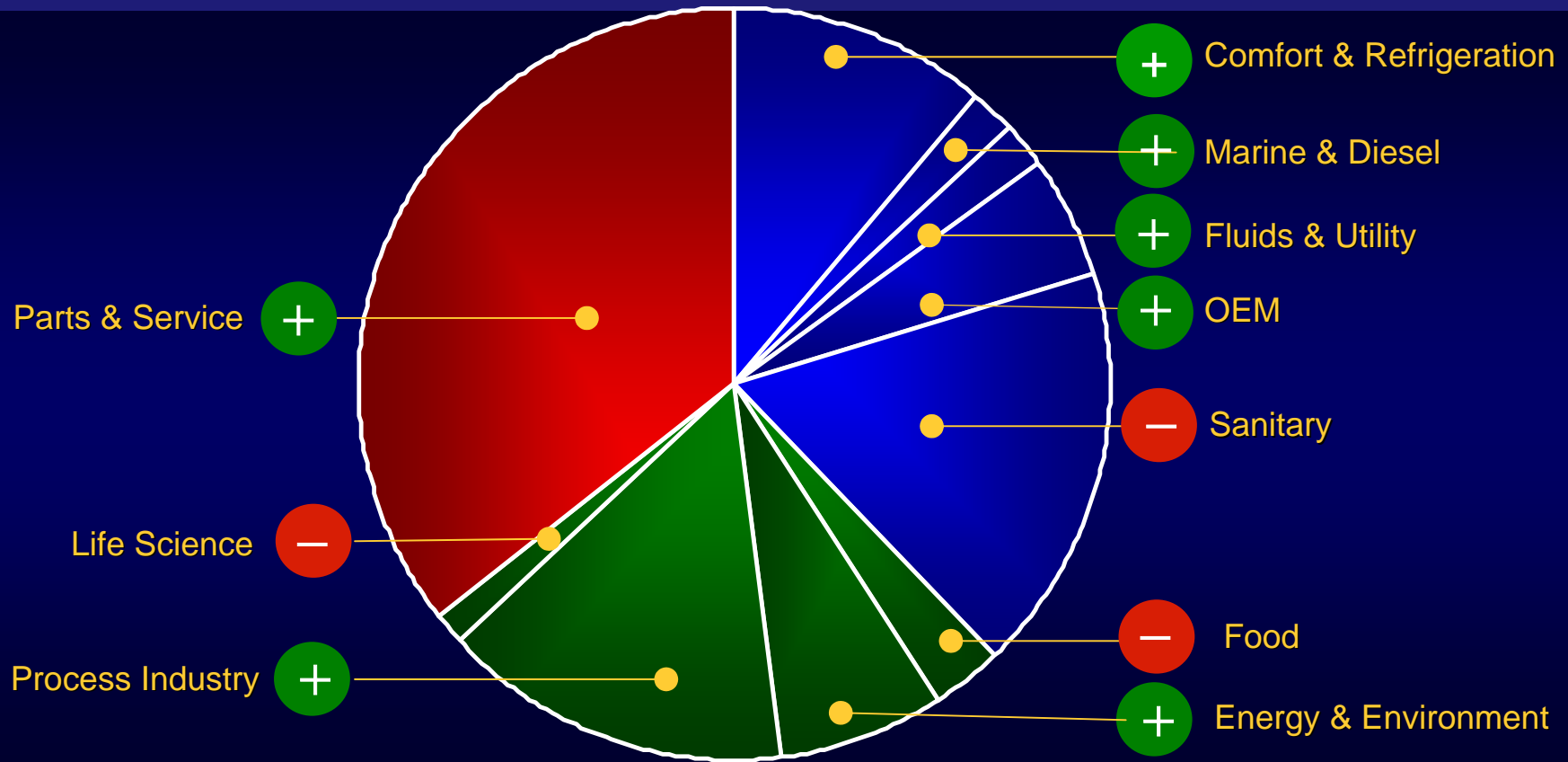
Orders received by Segment

January – December 2005, at constant rates



Orders received by Segment USA

January – December 2005, at constant rates



US Ethanol Market Update

- In August 2005, President Bush signed into law a new Renewable Fuel Standard that dictates a usage of 7.5 BGY of renewable fuels by 2012.
 - There are currently 94 plants in operation, producing 4.3 BGY of ethanol.
 - An additional 41 plants are under construction. These will add 2.0 BGY of ethanol within 12 months.
 - Over 50 other projects/plants are in various stages of development and/or financing.
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- Total US consumption of gasoline is 140 BGY.
 - Over 30% of all gasoline in the US today is blended with ethanol.
 - If all gasoline were blended with 10% ethanol the market demand would be 14 BGY!
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- Alfa Laval has equipment, Heat Exchangers and/or Separators, in 80% of all existing plants.
- Alfa Lval supply equipment to all major licensors or engineering companies active in this market.
- Alfa Laval has exclusive supply agreements signed with several technology providers / licensors.

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