



ALFA
ROMEO

The image features the Alfa Romeo logo in a stylized, white, blocky font against a dark blue background. The logo is centered and consists of two lines of text. The top line reads "ALFA" and the bottom line reads "ROMEO". The letters are thick and have a slightly irregular, hand-drawn appearance. A thin white horizontal line runs through the middle of the logo, separating the two lines of text. The background is a solid dark blue. There are also some faint, thin white curved lines in the background, possibly representing the sky or a horizon.

Interim Report Q4 and full year 2003

Mr. Sigge Haraldsson
President and CEO
Alfa Laval Group

Mr. Thomas Thuresson
CFO
Alfa Laval Group

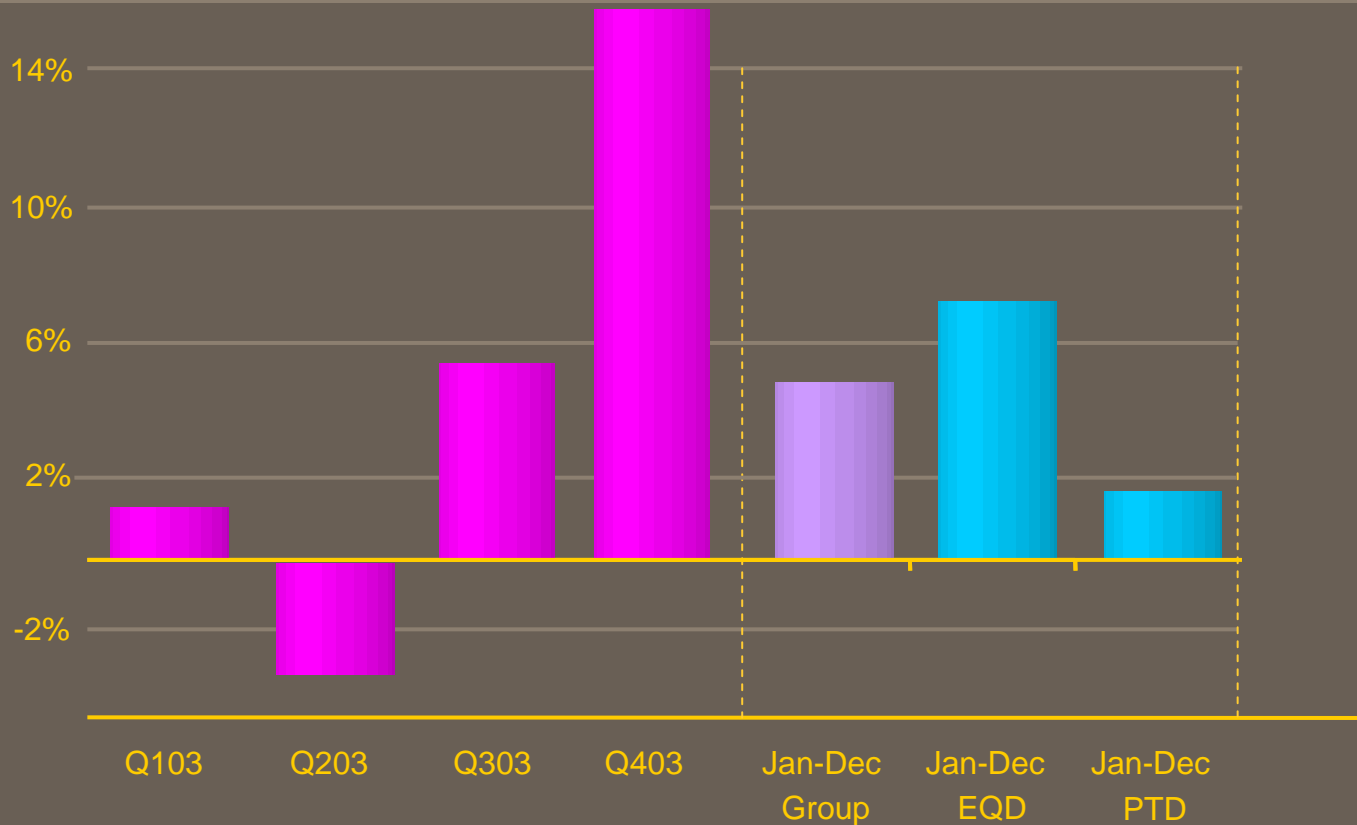
Highlights

Q403

- Order intake: 3,750 MSEK
- Net sales: 4,086 MSEK

Q on Q vs. last year (excl FX)

Orders received 2003

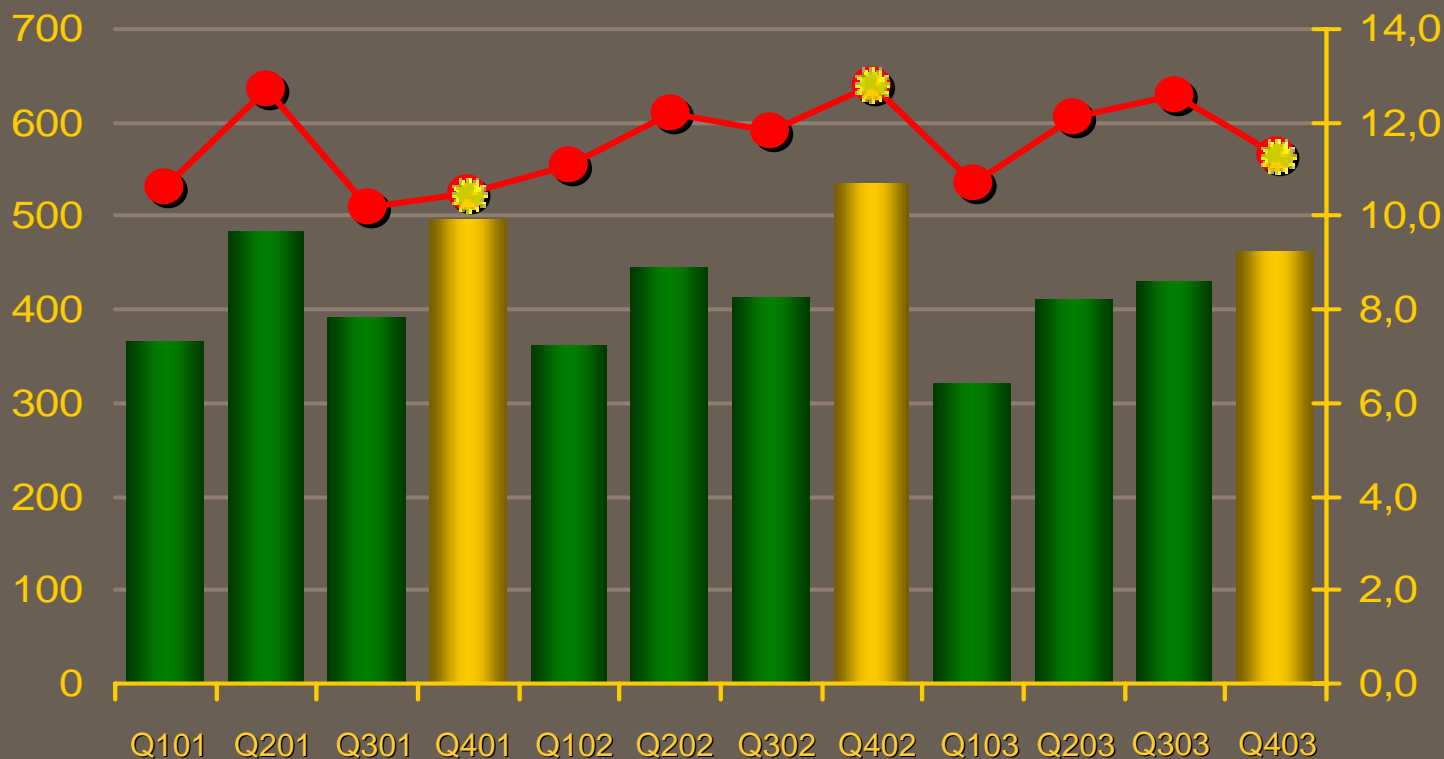


Highlights

Q403	● Order intake:	3,750 MSEK
	● Net sales:	4,086 MSEK
	● Adjusted EBITA / margin:	463 MSEK / 11.3 %

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."

Highlights

Q403	● Order intake:	3,750 MSEK
	● Net sales:	4,086 MSEK
	● Adjusted EBITA / margin:	463 MSEK / 11.3 %
	● Profit before tax:	275 MSEK

Highlights

Q403	● Order intake:	3,750 MSEK
	● Net sales:	4,086 MSEK
	● Adjusted EBITA / margin:	463 MSEK / 11.3 %
	● Profit before tax:	275 MSEK
2003	● Adjusted EBITA / margin:	1,627 MSEK / 11.7 %

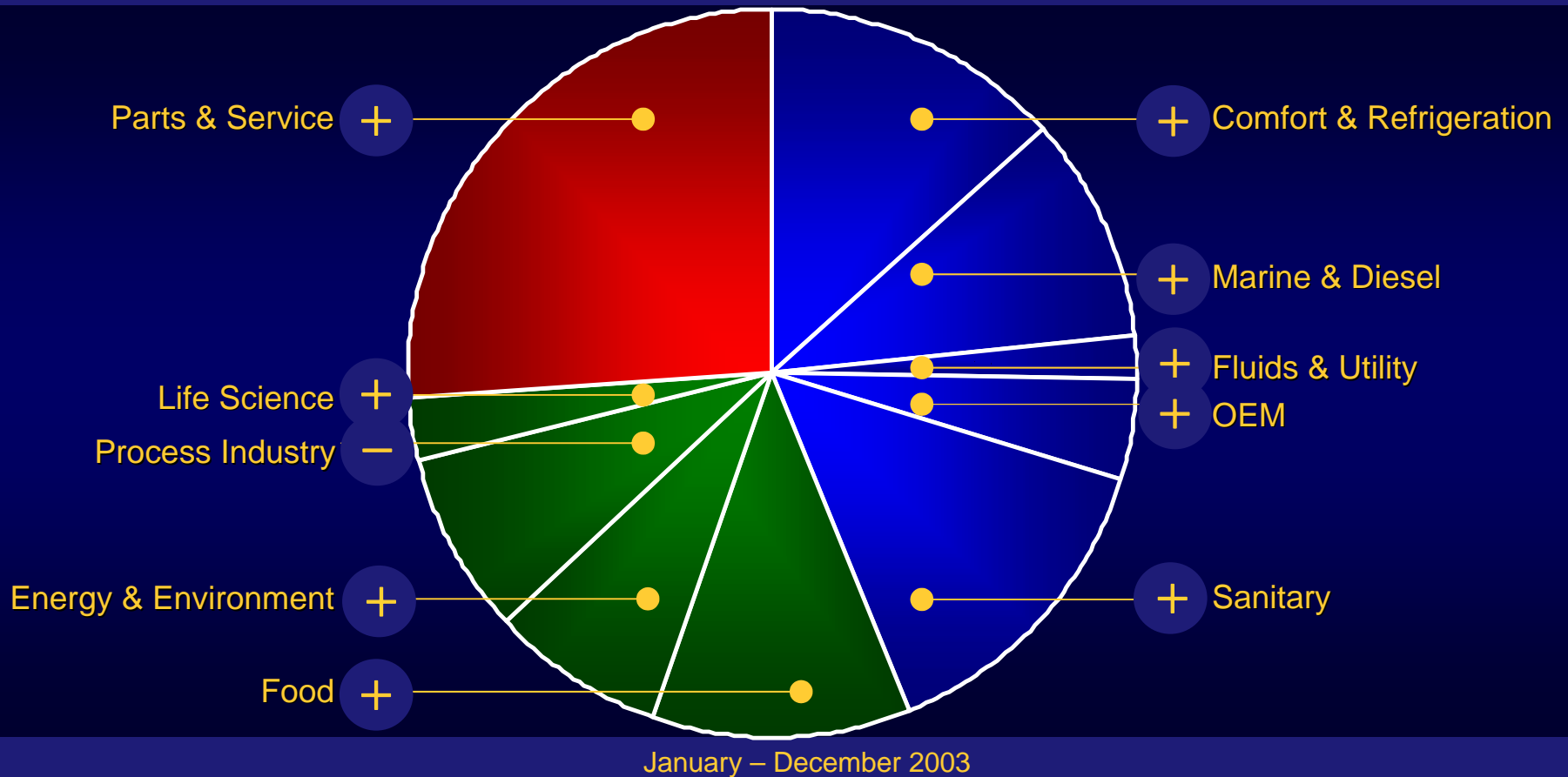
Adjusted EBITA

MSEK	Q4	WY
2002	535	1,755
2003	463	1,627
Deviation	- 72	- 128
FX. translation	29	121
FX. transaction	92	152
Deviation excl FX	+ 49	+ 145

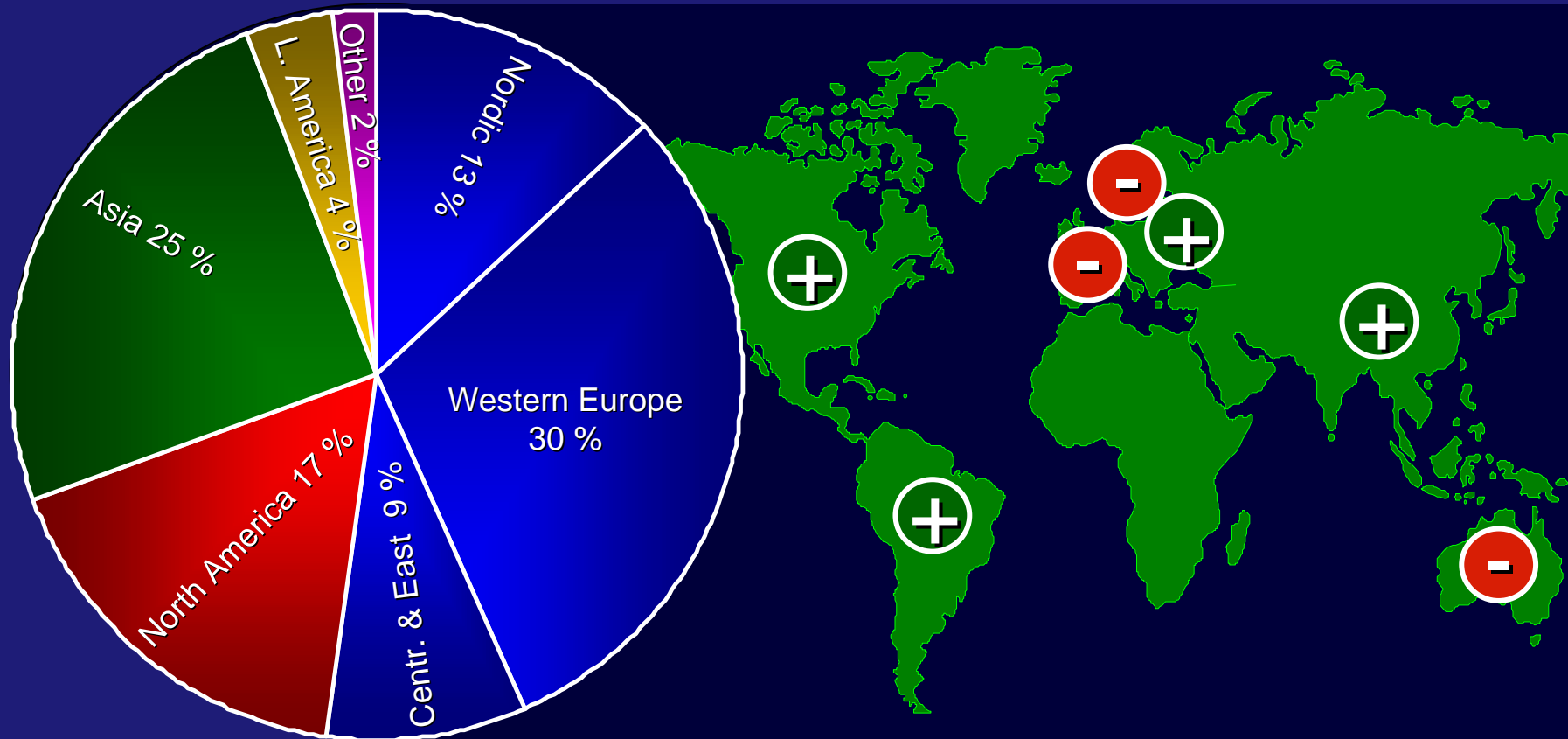
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2003	● Adjusted EBITA / margin:	1,627 MSEK / 11.7 %
	● Profit before tax:	817 MSEK
	● Cash flow from operating activities:	1,654 MSEK
	● ROCE:	21.3 %

Orders received by Segment



Orders received by Region



January – December 2003

Highlights

Q403	● Order intake:	3,750 MSEK
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	● Asbestos-related lawsuits in the United States	

Asbestos-related lawsuits in the US

- **Alfa Laval Inc. was as of December 31, 2003 named co-defendant in a total of 123 asbestos-related lawsuits with a total of approximately 19,900 plaintiffs. The lawsuits filed in Mississippi account for approximately 99% of all plaintiffs.**
- **Developments between September 30 and December 31, 2003:**
 - 7 lawsuits have been resolved during the period, which gives a grand total of 70 lawsuits that have been resolved;
 - 9 additional lawsuits with a total of 13 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

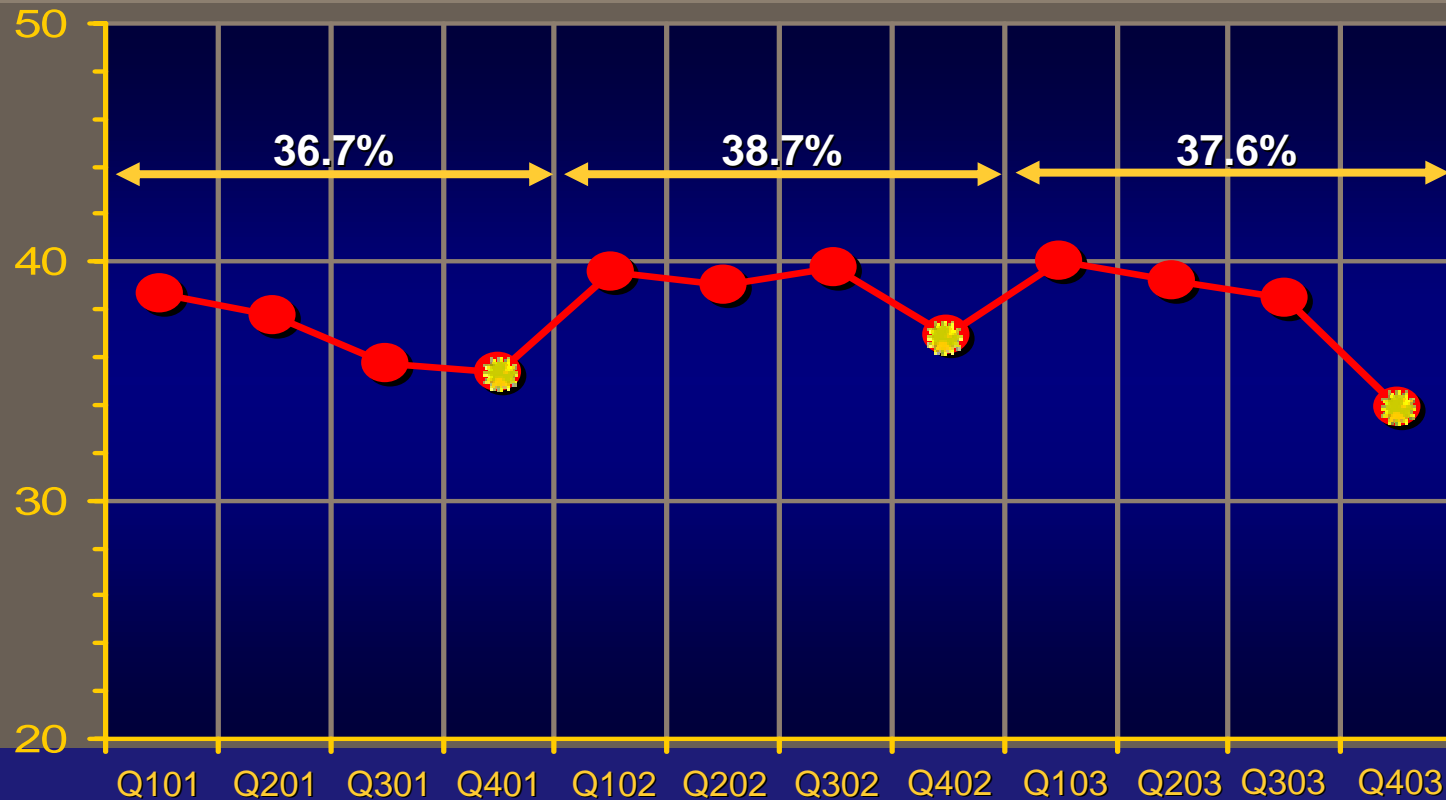
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	● Asbestos-related lawsuits in the United States	
	● The Board proposes a dividend of 4 SEK per share	

Consolidated Profit and Loss

MSEK	2003	2002
Net sales	13,909	14,595
Adjusted EBITA	1,627	1,755
Amortization of goodwill and step-up	- 494	- 507
Comparison distortion items	6	- 334
Financial net	- 321	- 543
PBT	817	372
Taxes & minority	- 171	- 252
Net income	646	120

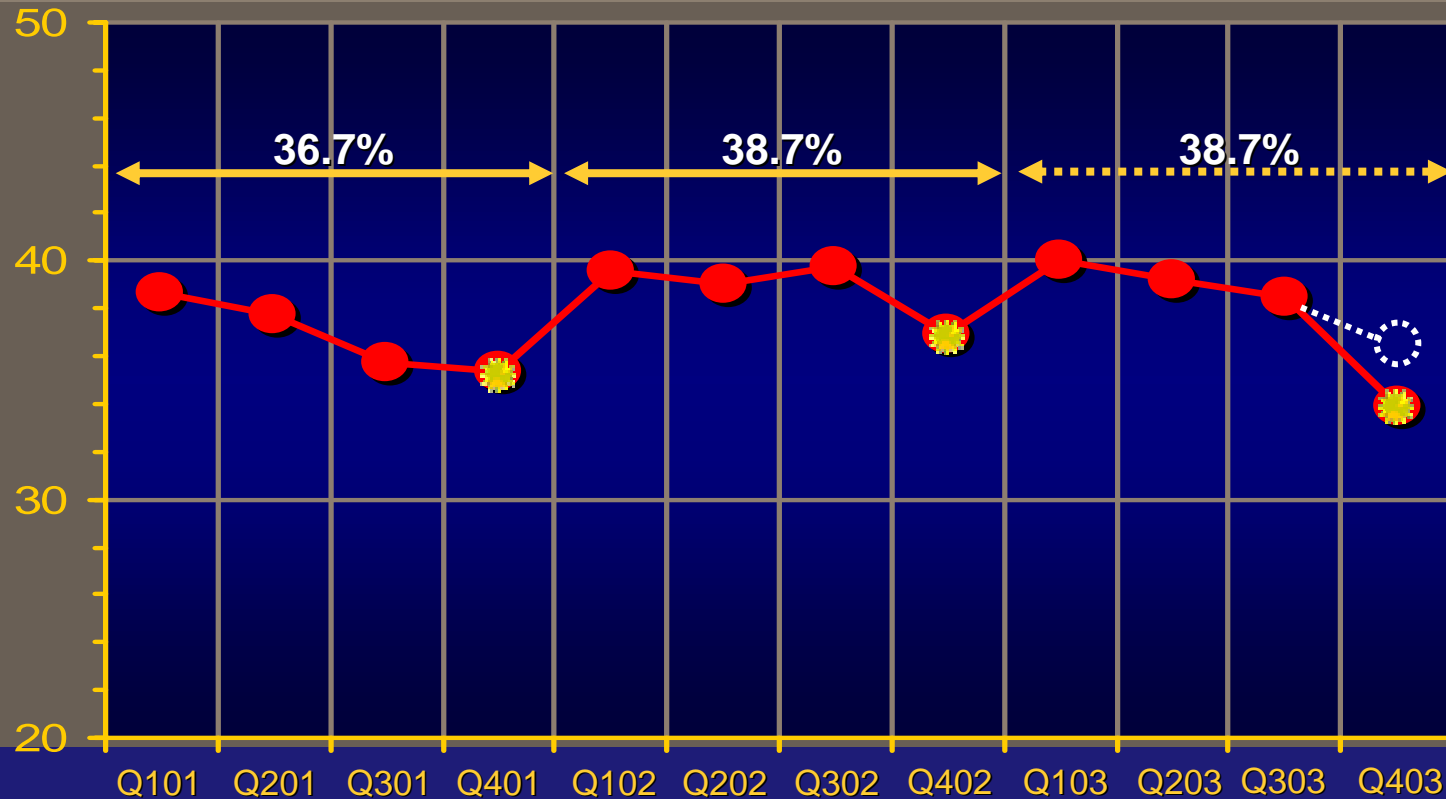
Gross profit margin

In percent of sales

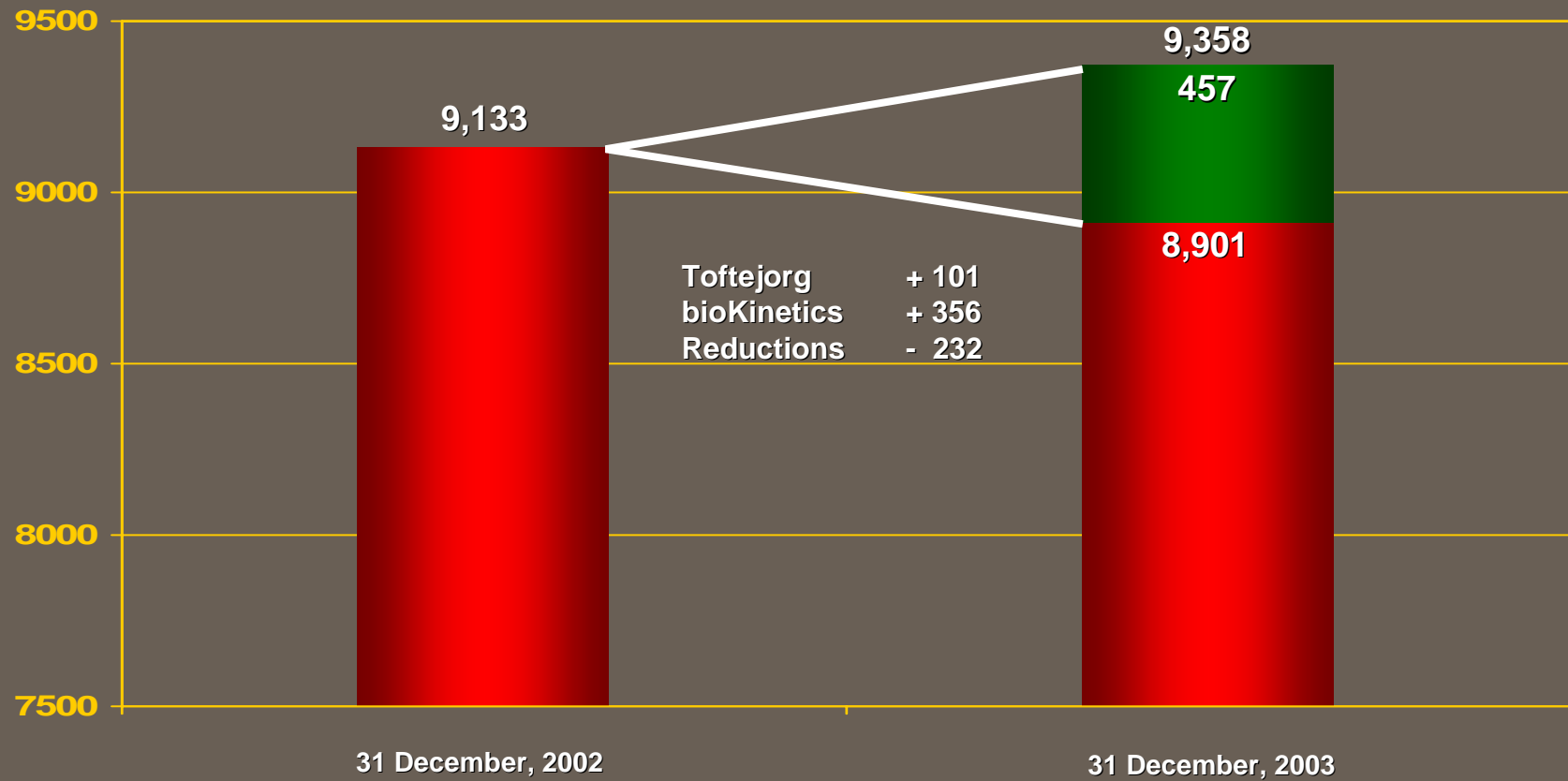


Gross profit margin

In percent of sales, excl Fx. transaction exposure differences



Number of employees



Taxes

MSEK		Jan-Dec 2003
Profit after financial items, MSEK 817		
- taxes, 33 % average		- 270
Major adjustment items		
- goodwill,	MSEK 191	} - 144
- loss making countries,	MSEK 130	
- equity hedging,	MSEK 195	
Sweden*		+ 269
Other items		+ 15
Taxes according to P&L		- 130
- in % of PBT		15.9

*Loss carry-forwards and deferred taxes.

Foreign exchange

Estimated impact from Fx. fluctuations full year 2004 vs. 2003

MSEK

Adjusted EBITA

Translation effect	- 60
Transaction effect	- 250
Total	- 310

Based on market exchange rates as per December 31, 2003

Cash-flow statement

MSEK	2003	2002
Cash flows from		
- operating activities	1,654	1,924
- investing activities	- 478	- 548
Financial net paid	- 231	- 973
Dividends	- 223	0
Total	722	403
Pro Forma Free-cash-flow*	1,215	1,015

**Incl. operating activities, capital expenditure, provisions and financial net paid.
Excl. IPO-related items in "Financial net paid" 2002.*

Earnings per share

	2003	2002
Earnings	5.78	1.41
Earnings excluding goodwill and step-up	9.34	6.17

Based on the current number of shares

Outlook 2003

“Order intake will show a limited increase during the year. Additional savings initiatives will reduce the impact from foreign exchange exposures. Profit before tax will show a major improvement.”

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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ROMEO

The image features a stylized Alfa Romeo logo on a solid blue background. The logo is composed of two horizontal white lines. The upper line is a thin, slightly curved line that passes behind the letters. The lower line is a thicker, straight line that passes through the middle of the letters. The letters are white and have a modern, sans-serif font. The word "ALFA" is positioned above the word "ROMEO". The letters are slightly offset from the lines, creating a layered effect.