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Interim report Q103

Mr. Sigge Haraldsson
President and CEO
Alfa Laval Group

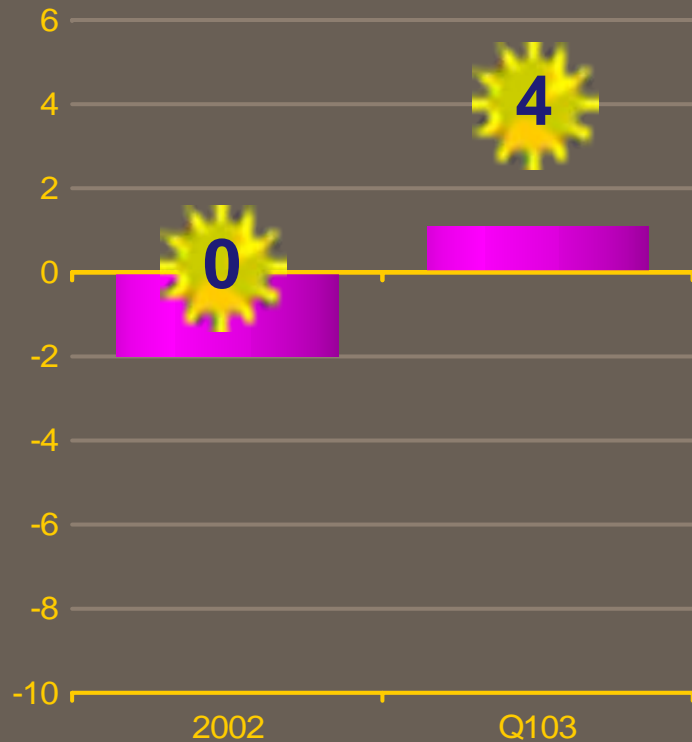
Mr. Thomas Thuresson
CFO
Alfa Laval Group

Highlights

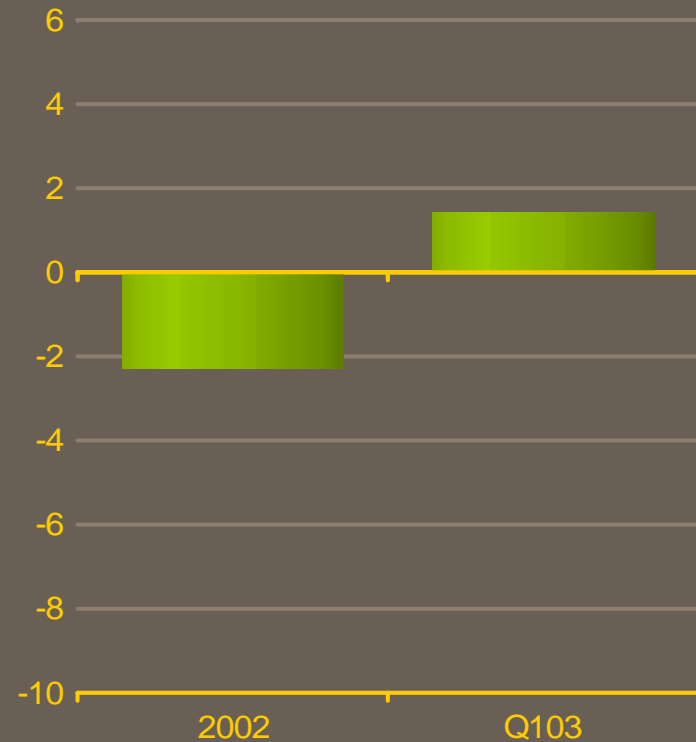
- Order intake: 3 378 MSEK
- Net sales: 2 995 MSEK

Q on Q vs. last year (excl FX)

Orders received



Net sales



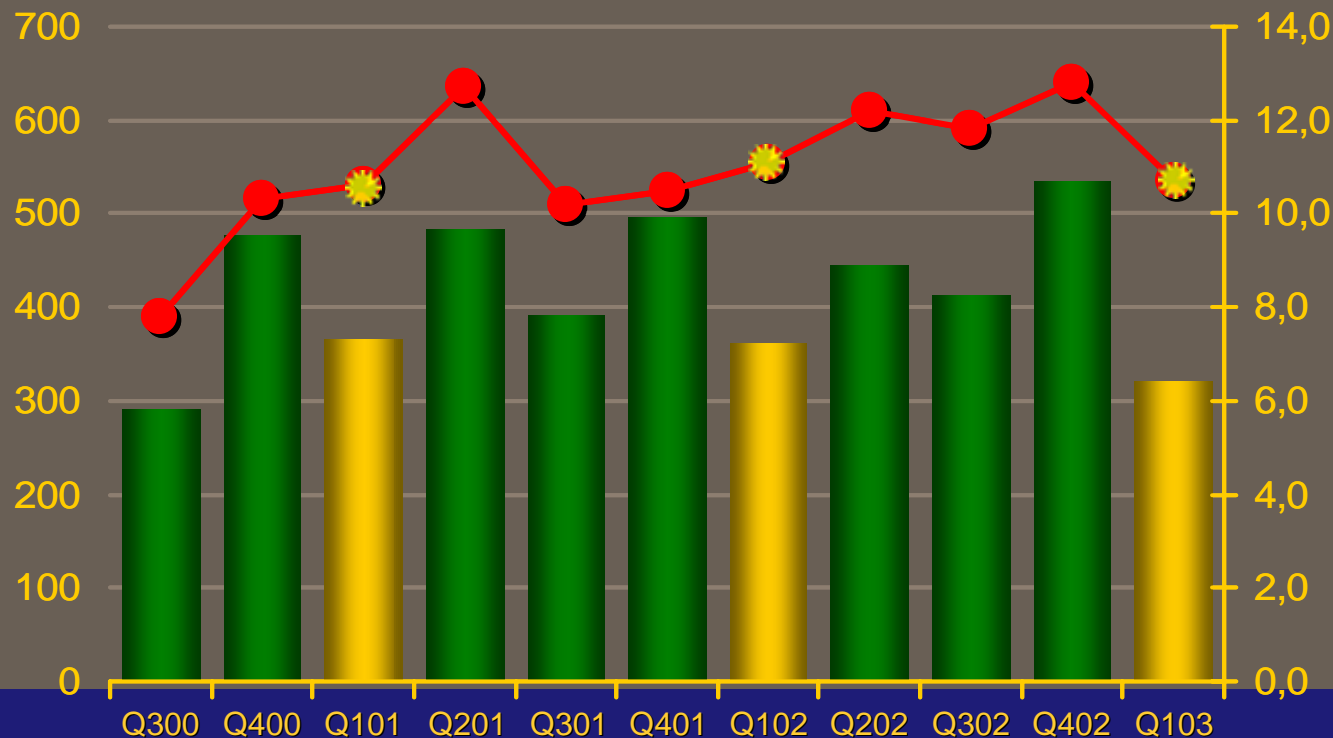
 Excl North America

Highlights

- Order intake: 3 378 MSEK
- Net sales: 2 995 MSEK
- Adjusted EBITA / margin: 321 MSEK / 10.7 %

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."

Adjusted EBITA – Q103 vs Q102

MSEK

Q1 2002	362
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Q1 2003	321
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Deviation	- 41
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FX. translation	32
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FX. transaction	20
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Deviation excl FX	11
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Highlights

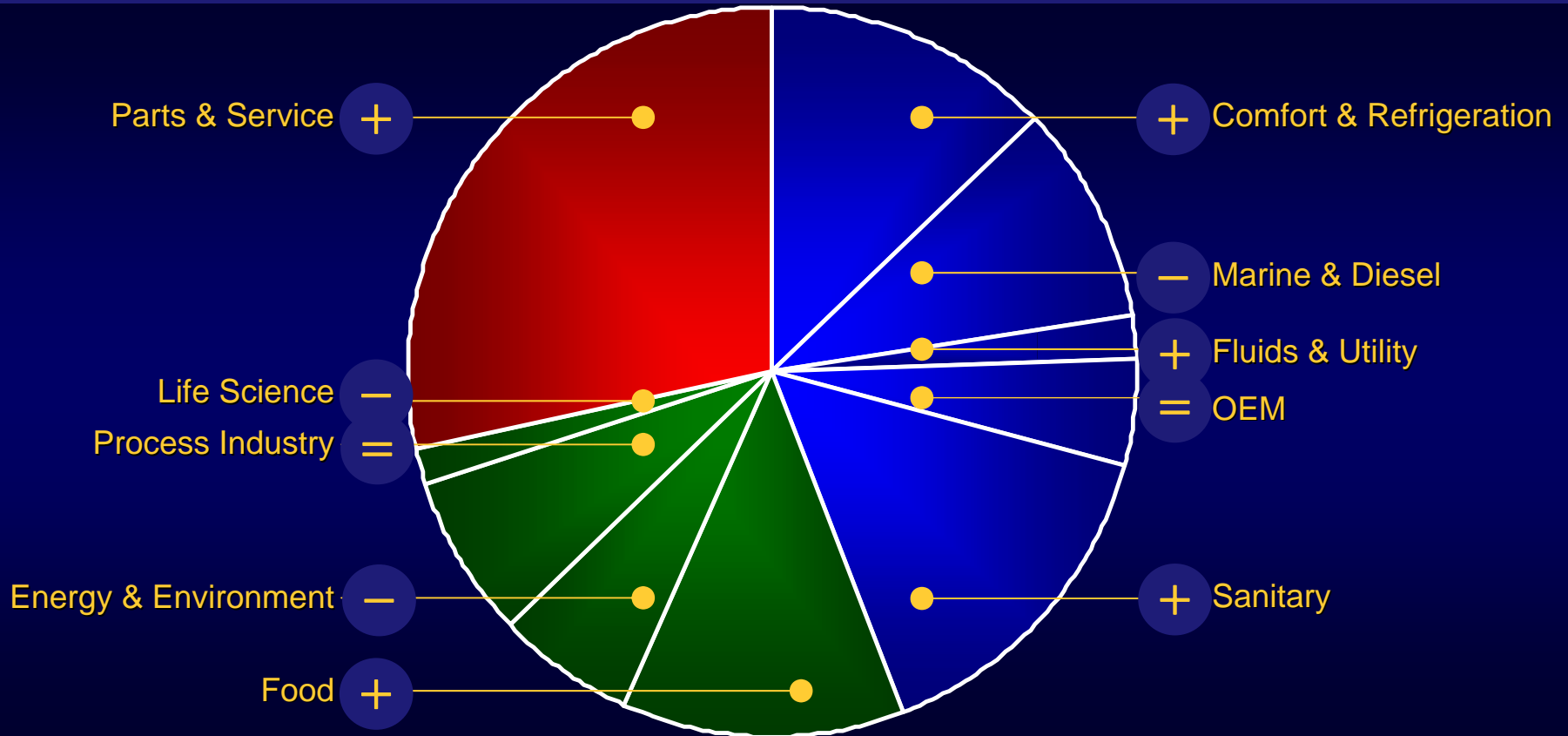
- Order intake: 3 378 MSEK
- Net sales: 2 995 MSEK
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- Profit before tax: 141 MSEK

Highlights

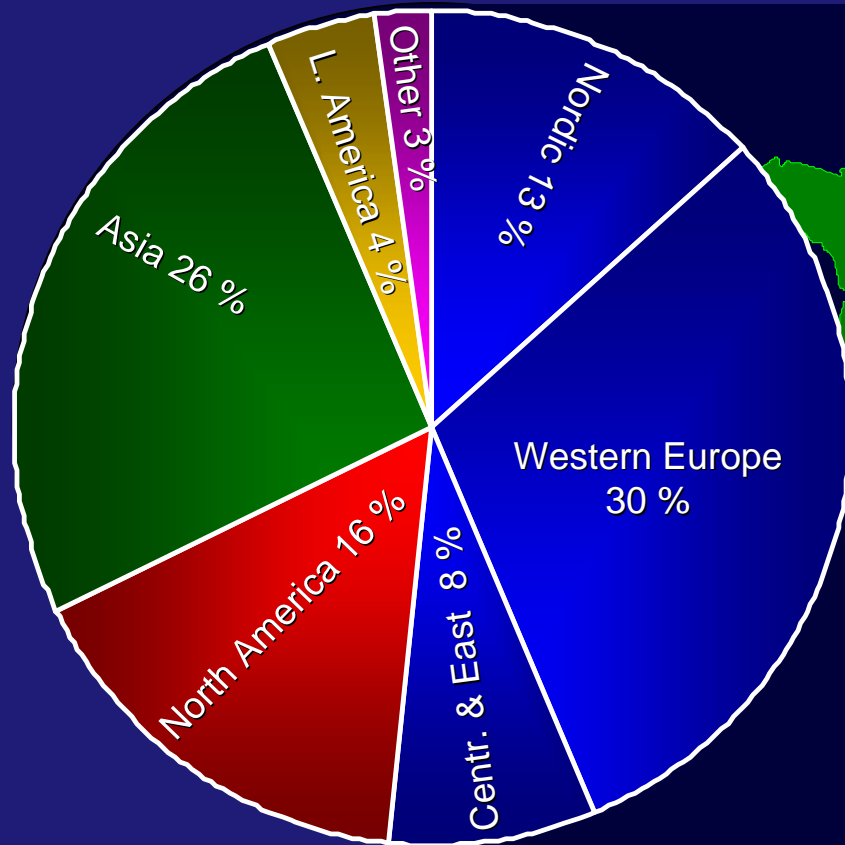
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- Cash flow from operating activities: 215 MSEK
- ROCE: 19.4 %

Orders Received Q103



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- Asbestos-related lawsuits in the United States

Asbestos-related lawsuits in the US

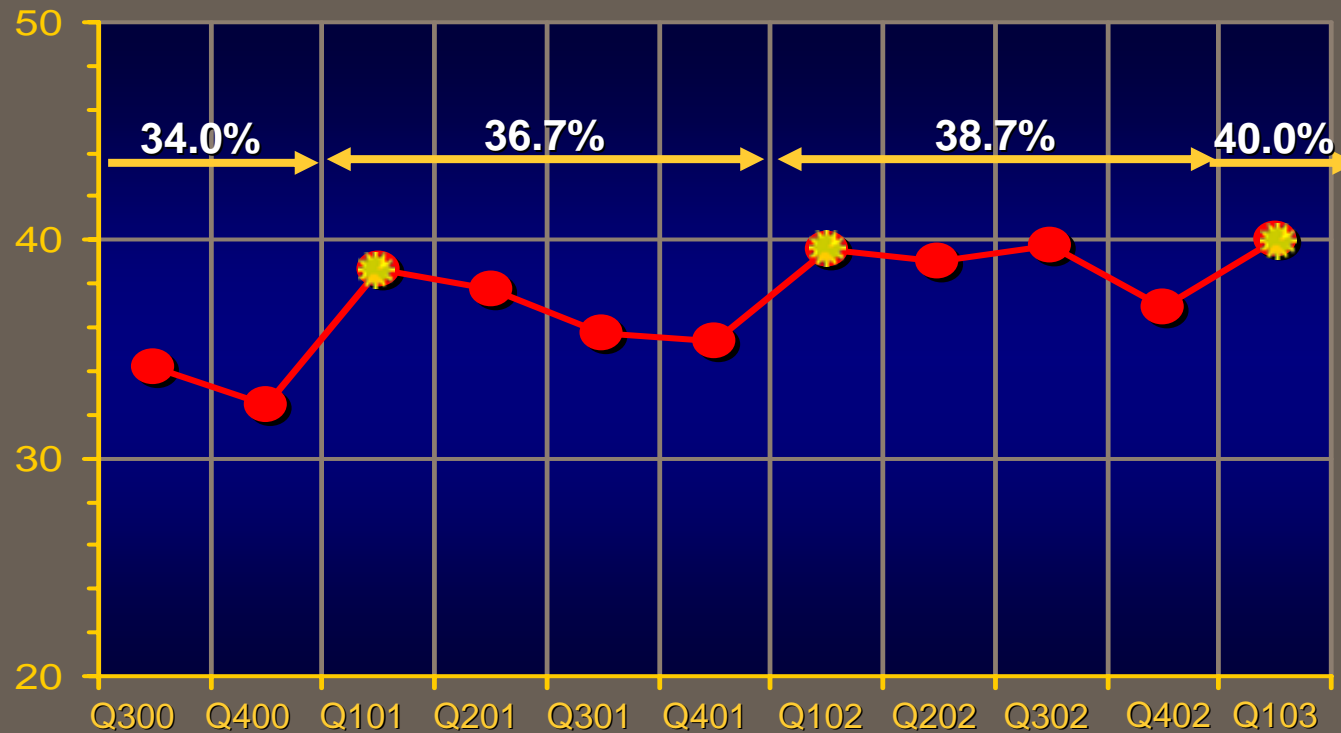
- **Alfa Laval Inc. was as of March 31, 2003 named co-defendant in a total of 97 asbestos-related lawsuits with a total of approx. 17 500 plaintiffs.**
- **The lawsuits filed in Mississippi account for more than 99% of all plaintiffs.**
- **Developments between February 15, 2003 and March 31, 2003:**
 - 2 lawsuits have been dismissed, which gives a total of 32 lawsuits that have been dismissed for lack of connection to Alfa Laval Inc;
 - 26 additional lawsuits with a total of approx 2 500 plaintiffs;
 - 99.8% of the increase of plaintiffs is related to multiple plaintiff lawsuits filed in Mississippi;
 - The state of Mississippi has adopted a new law that legal experts expect will limit the filing of multiple plaintiff lawsuits after December 31, 2002.
- **Alfa Laval is not aware of any new multiple plaintiff lawsuits filed in Mississippi against Alfa Laval Inc. during 2003.**
- **Alfa Laval continues to believe:**
 - that potential 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.

Consolidated Profit and Loss

MSEK	1.1-31.3 2003	1.1-31.3 2002
Net sales	2 995	3 262
Adjusted EBITA	321	362
Amortization of goodwill and step-up	- 124	- 126
Financial net	- 60	- 131
Comparison distortion items	+ 4	- 45
PBT	141	60

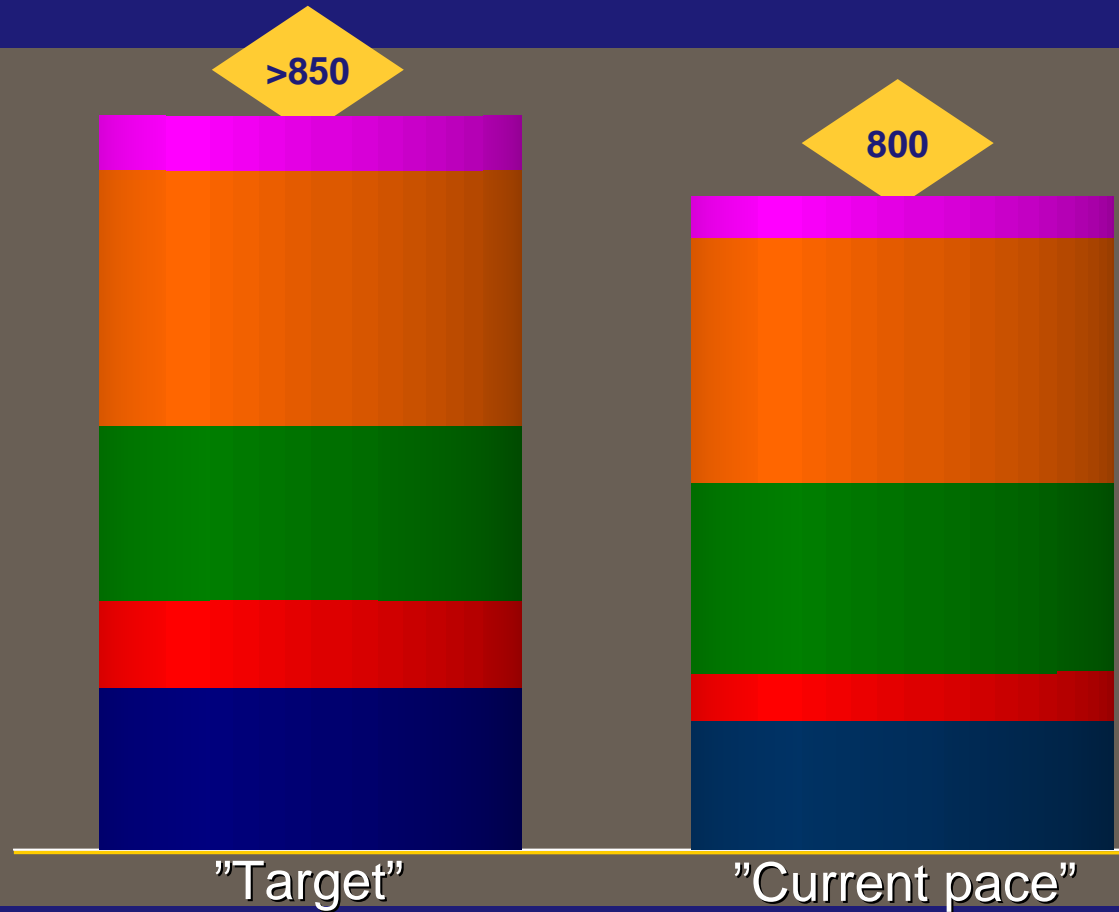
Gross Profit Margin

In percent of sales



“Beyond Expectations”

- Other Projects
- BOM & NPR
- Org. re-design
- Shared Services
- Manufacturing



In the P&L, MSEK 700

Foreign exchange

Impact from Fx. fluctuations in Q1 2003 over Q1 2002

MSEK	Adjusted EBITA	Profit Before Tax
Translation effect	- 32	- 18
Transaction effect	- 20	- 20
Total	- 52	- 38

Cash-flow Statement

<u>MSEK</u>	<u>Q1 2003</u>	<u>Q1 2002</u>
Cash flows from		
- operating activities	215	352
- investing activities	- 72	- 39
Financial net paid	- 21	- 71
	<hr/>	
Total:	122	242
	<hr/>	
Pro Forma Free-cash-flow*	137	175

*Excl acquisitions, disposals, debt repayments and dividends

Financial standards

	Target	Q103	Q102	2002
Net Debt / Equity	< 1.0	0.72	5.56	0.78
Cash-flow from operating activities	10 –14*	7.2	10.8	13.2
Capital expenditure*	appr. 2.5	1.0	1.7	1.9

* *In percent of sales*

Key ratios, per share

	Q1 2003	Q1 2002	2002
Cash-flow from operating activities*	1.92	3.16	17.23
Earnings	0.88	0.17	1.41

**Based on the current number of shares*

Foreign exchange

Estimated impact from Fx. fluctuations in 2003 vs 2002

MSEK	Adjusted EBITA	Profit Before Tax
Translation effect	- 90	- 40
Transaction effect	- 110	- 110
Total	- 200	- 150

Based on market exchange rates as per March 31, 2003

Financial goals

	Target	Q103	Q102	2002
Volume growth %	5**	1.1*	- 8.8*	- 2.0*
EBITA in %	12-15	10.7	11.1	12.0
ROCE in %	20	19.4	17.8	20.2

* *Exclusive of exchange rate variations*

***Average over a business cycle*

Outlook 2003

“Order intake will show a limited increase during the year. We anticipate a stronger negative currency impact somewhat influencing the profit margin. Profit before tax will show a major improvement.”

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