



Alfa Laval AB (publ)

Interim report January 1 – March 31, 2005

"Orders received during the first quarter 2005 increased with five percent, excluding exchange rate variations. Alfa Laval further strengthened its marked positions in a number of important areas. The demand has been on a continued high level, especially in North America, Latin America and Japan. The customer segments Marine & Diesel and Process Industry have continued to be particularly strong.

The adjusted EBITA-margin was 10.1 percent. The margin has been influenced by a weak US dollar and the substantial increases in raw material prices. Successively we expect our price increases to have further effect during the second half of the year."

Lars Renström, President and CEO, Alfa Laval

Summary of the first quarter 2005:

- Order intake increased to SEK 4,004 (3,929) million, meaning an increase by 5.1 percent excluding exchange rate variations.
- Net sales increased to SEK 3,268 (3,184) million, meaning an increase by 5.6 percent excluding exchange rate variations.
- Adjusted EBITA amounted to SEK 330 (383) million, including adverse foreign exchange effects of SEK 42 million.
- Adjusted EBITA-margin was 10.1 (12.0) percent.
- A comparison distortion cost of SEK 125 million has been charged to the income statement relating to the closure of the manufacturing sites in Madrid and Toronto.
- Result after financial items was SEK 76 (260*) million.
- Result after tax was SEK 64 (168*) million.
- Earnings per share was SEK 0.49 (1.38*).
- Cash flow from operating activities was SEK 17 (292) million.

* Comparison figure for 2004 changed according to IFRS.

Outlook for the near future

"In most of the markets that Alfa Laval serves the demand is expected to be on the same high level as during 2004.

Alfa Laval also believes that the current high price level for some raw materials will remain, at least short term."

(The outlook for the near future has not been changed compared to the outlook in the fourth quarter and full year 2004 report issued on February 14, 2005.)

The interim report has been issued on April 27, 2005 by the Board of Directors.

The interim report has not been subject to review by the company's auditors.

SEK millions, unless otherwise stated	Jan 1 - Mar 31 2005	IFRS * Jan 1 - Mar 31 2004	Jan 1 - Mar 31 2004	IFRS * 2004	2004	2003	2002
Order intake	4,004	3,929	3,929	15,740	15,740	14,145	14,675
Net sales	3,268	3,184	3,184	14,986	14,986	13,909	14,595
Adjusted EBITDA 1)	392	451	451	1,956	1,956	1,920	2,087
Adjusted EBITA 2)	330	383	383	1,695	1,695	1,627	1,755
Adjusted EBITA 2)- margin	10.1%	12.0%	12.0%	11.3%	11.3%	11.7%	12.0%
Result after financial items	76	260	211	1,262	1,070	817	372
Return on capital employed 3)	21.0%	21.7%	22.0%	23.7%	24.3%	21.3%	20.2%
Return on equity capital 3)	14.2%	17.7%	13.6%	15.9%	12.1%	13.2%	2.7%
Solidity	35.3%	34.1%	33.1%	37.4%	35.7%	33.3%	29.2%
Debt ratio, times	0.45	0.45	0.47	0.36	0.38	0.49	0.78
Cash flow from operations	17	292	292	1,203	1,203	1,704	1,954
Investments	58	44	44	388	388	259	277
No. of employees 4)	9,605	9,333	9,333	9,527	9,527	9,358	9,125

*) According to IFRS, i.e. excluding goodwill amortisation and minority interest.

- 1) Adjusted EBITDA – "Earnings before interests, taxes, depreciation, amortisation of goodwill and step up values and comparison distortion items."
- 2) Adjusted EBITA – "Earnings before interests, taxes, amortisation of goodwill and step up values and comparison distortion items."
- 3) Calculated on a 12 months' revolving basis.
- 4) Number of employees at the end of the period.

Lund, April 27, 2005,

The Board of Directors
Alfa Laval AB (publ)

Management's discussion and analysis

Orders received

Orders received amounted to SEK 4,004.4 (3,929.0) million for the first quarter. Excluding exchange rate variations, the order intake for the Group was 5.1 percent higher than the first quarter last year.

Orders received from the after market "Parts & Service" has continued to develop positively and increased by 5.4 percent compared to the corresponding period last year excluding exchange rate variations. Its relative share of the Group's total orders received was 24.1 (24.1) percent.

Order backlog

The order backlog at March 31, 2005 was 5,837.0 (4,840.1) million. Excluding exchange rate variations, the order backlog was 23.8 percent higher than the order backlog at March 31, 2004 and 24.8 percent higher than the order backlog at the end of 2004.

Net sales

Net sales amounted to SEK 3,267.6 (3,183.9) million for the first quarter. Excluding exchange rate variations, the invoicing was 5.6 percent higher than the first quarter last year.

Income statement analysis

		IFRS ***		IFRS ***	
	Jan 1 - Mar 31 2005	Jan 1 - Mar 31 2004	Jan 1 - Mar 31 2004	Jan 1 - Dec 31 2004	Jan 1 - Dec 31 2004
SEK millions					
Net sales	3,267.6	3,183.9	3,183.9	14,985.8	14,985.8
Adjusted gross profit	1,207.8	1,243.2	1,243.2	5,342.2	5,342.2
- in % of net sales	37.0	39.0	39.0	35.6	35.6
Expenses *	-815.9	-792.0	-792.0	-3,386.2	-3,386.2
- in % of net sales	25.0	24.9	24.9	22.6	22.6
Adjusted EBITDA	391.9	451.2	451.2	1,956.0	1,956.0
- in % of net sales	12.0	14.2	14.2	13.1	13.1
Depreciation	-61.9	-68.5	-68.5	-260.9	-260.9
Adjusted EBITA	330.0	382.7	382.7	1,695.1	1,695.1
- in % of net sales	10.1	12.0	12.0	11.3	11.3
Amortisation of step up values **	-71.8	-74.7	-123.8	-293.4	-484.9
Comparison distortion items	-125.0	-13.5	-13.5	36.7	36.7
EBIT	133.2	294.5	245.4	1,438.4	1,246.9

* Excluding comparison distortion items ** Including amortisation of goodwill 2004 and earlier

*** According to IFRS, i.e. excluding goodwill amortisation.

The first three months generated a gross profit of SEK 1,136.0 (1,168.5) million. Excluding the amortisation of SEK 71.8 (74.7) million on step up values, the adjusted gross profit is SEK 1,207.8 (1,243.2) million. This corresponds to 37.0 (39.0) percent of net sales.

Sales and administration expenses amounted to SEK 752.2 (723.4) million. Excluding exchange rate variations and the acquisition of Packinox, sales and administration expenses were 3.5 percent higher than the corresponding period last year, which is well below the increase in sales volume.

The costs for research and development has amounted to SEK 100.4 (92.4) million, corresponding to 3.1 (2.9) percent of net sales.

Adjusted EBITDA amounted to SEK 391.9 (451.2) million for the first quarter. The adjusted EBITA amounted to SEK 330.0 (382.7) million. The adjusted EBITA margin was 10.1 (12.0) percent. The adjusted result after tax and the minority's share of the result, excluding amortisation of goodwill and step-up values and the corresponding tax, is SEK 0.93 (1.83) per share.

The result has been affected by comparison distortion items of SEK -125.0 (-13.5) million. In the income statement these are reported gross as a part of other operating income and other operating costs, see specification on page 13. During the first quarter 2005, costs for the closure of the separator factory in Madrid and the bioKinetics plant in Toronto of SEK -125.0 million have been charged to the income statement. In the corresponding period in 2004, the divestment of the Tri-Lad operations in Canada generated a loss of SEK -15.0 million and the sale of a minor property in Brazil resulted in a realised gain of SEK 1.5 million.

Divisional reporting

Equipment division

The Equipment division consists of six customer segments: Comfort & Refrigeration, Fluids & Utility Equipment, Marine & Diesel, OEM (Original Equipment Manufacturers), Sanitary Equipment and the aftermarket segment Parts & Service.

SEK millions	Jan 1-	IFRS **	Jan 1-	IFRS **	Jan 1-
	Mar 31	Jan 1-	Mar 31	Jan 1-	Dec 31
	2005	2004	2004	2004	2004
Orders received	2,139.0	2,093.8	2,093.8	8,862.3	8,862.3
Order backlog *	2,317.6	1,764.3	1,764.3	2,097.3	2,097.3
Net sales	1,880.6	1,863.8	1,863.8	8,250.4	8,250.4
Operating income	221.3	278.4	250.7	1,100.4	1,002.4

* At the end of the period. ** According to IFRS, i.e. excluding goodwill amortisation.

Orders received and net sales (all comments are after adjustment for exchange rate fluctuations)

Orders received increased by 5.0 percent and net sales increased by 3.4 percent during the first quarter 2005 compared to the corresponding period last year.

All segments in the Equipment division have developed positively, with the exception of "Sanitary Equipment". The most significant growth is found within the "Marine & Diesel" and "OEM" segments.

Operating income (excluding comparison distortion items)

The decrease in operating income during the first quarter 2005 compared to the corresponding period 2004 according to IFRS is explained by a lower gross margin, higher R&D costs and adverse foreign exchange effects.

Process Technology division

The Process Technology division consists of five customer segments: Energy & Environment, Food Technology, Life Science, Process Industry and the aftermarket segment Parts & Service.

SEK millions	Jan 1- Mar 31 2005	IFRS **	IFRS **	IFRS **	IFRS **
		Jan 1- Mar 31 2004	Jan 1- Mar 31 2004	Jan 1- Dec 31 2004	Jan 1- Dec 31 2004
Orders received	1,861.4	1,805.1	1,805.1	6,818.0	6,818.0
Order backlog *	3,498.6	3,026.9	3,026.9	2,640.6	2,640.6
Net sales	1,380.1	1,314.0	1,314.0	6,683.3	6,683.3
Operating income	85.3	88.5	67.1	634.3	540.8

* At the end of the period. ** According to IFRS, i.e. excluding goodwill amortisation.

Orders received and net sales (all comments are after adjustment for exchange rate fluctuations)

Orders received increased by 6.7 percent and net sales increased by 8.7 percent during the first quarter 2005 compared to the corresponding period last year. Excluding the acquisition of Packinox, the corresponding figures are 3.6 percent and 4.4 percent.

All segments in the Process Technology division, except "Food Technology", have reported an increase in orders received compared to the first quarter 2004. The growth has been largest within the "Process Industry" and "Life Science" segments.

Operating income (excluding comparison distortion items)

The decrease in operating income during the first quarter 2005 compared to the corresponding period 2004 according to IFRS is due to increased R&D costs and adverse foreign exchange effects.

Operations division and Other

Operations are responsible for procurement, production and logistics. Other is referring to corporate overhead and non-core businesses.

SEK millions	Jan 1- Mar 31 2005	Jan 1- Mar 31 2004	Jan 1- Dec 31 2004
Orders received	4.0	30.1	59.7
Order backlog *	20.8	48.9	25.5
Net sales	6.9	6.1	52.1
Operating income	-48.4	-58.9	-333.0

* At the end of the period.

Reporting by geographical markets

The Group's secondary segments are geographical markets. All comments are after considering exchange rate variations.

Orders received

During the first quarter 2005 orders received increased most in Latin America followed by North America and Asia, while Western Europe including the Nordic countries reported decreased orders received compared to the corresponding period last year

Order received

Consolidated	Jan 1 - Mar 31 2005	Jan 1 - Mar 31 2004	Jan 1 - Dec 31 2004	Jan 1 - Dec 31 2003
SEK millions				
Customers in				
Sweden	190.4	237.7	884.0	887.3
Other EU	1,317.8	1,503.7	5,804.4	5,143.3
Other Europe	323.4	282.4	1,280.7	1,234.5
USA	575.9	556.2	2,136.5	2,095.3
Other North America	146.8	81.1	334.1	326.7
Latin America	189.2	114.4	689.8	560.8
Africa	53.4	29.4	167.9	177.7
Asia	1,139.8	1,048.9	4,164.5	3,463.2
Oceania	67.7	75.2	278.1	256.5
Total	4,004.4	3,929.0	15,740.0	14,145.3

Net sales

During the first quarter 2005 net sales increased most in Latin America and Asia followed by North America, while Western Europe was unchanged and the Nordic countries reported decreased net invoicing compared to the corresponding period last year.

Net sales

Consolidated	Jan 1 - Mar 31 2005	Jan 1 - Mar 31 2004	Jan 1 - Dec 31 2004	Jan 1 - Dec 31 2003
SEK millions				
Customers in				
Sweden	182.3	220.2	887.6	893.2
Other EU	1,195.5	1,204.0	5,706.5	5,186.4
Other Europe	274.1	261.6	1,196.5	1,118.7
USA	506.0	500.4	2,197.4	2,159.0
Other North America	69.1	57.4	296.2	315.0
Latin America	166.9	129.0	583.9	553.6
Africa	23.6	34.4	177.3	182.7
Asia	803.9	688.4	3,619.9	3,242.6
Oceania	46.2	88.5	320.5	258.1
Total	3,267.6	3,183.9	14,985.8	13,909.3

The values for the "Other EU" and "Other Europe" regions have been adjusted for all periods in order to reflect the extension of the European Union on May 1, 2004 with 10 new membership countries: Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovak Republic and Slovenia.

Consolidated financial result and net income

The financial net has amounted to SEK -52.2 (-44.9) million, excluding realised and unrealised exchange rate losses and gains. The main elements of costs were interest on debt to the banking syndicate of SEK -8.8 (-12.5) million, interest on the senior notes of SEK -31.2 (-32.9) million and a net of dividends and other interest income and interest costs of SEK -12.2 (0.5) million. The decrease in interests to the banking syndicate between 2005 and 2004 is due to the large amortisation during 2004.

The net of realised and unrealised exchange rate differences amounts to SEK -5,2 (10.2) million in the first quarter.

The result after financial items was SEK 75.8 (259.8) million. The figure for 2004 is excluding goodwill amortisation.

Income taxes were SEK -11.6 (-91.8) million.

The parent company's result after financial items was SEK -1.5 (0.4) million, out of which net interests were SEK -0.1 (1.4) million, realised and unrealised exchange rate gains and losses SEK 0.1 (-) million and fees to the Board and other administration costs the remaining SEK -1.5 (-1.0) million.

Asbestos-related lawsuits in the United States

Alfa Laval's subsidiary in the United States, Alfa Laval Inc., was as of March 31, 2005, named as co-defendant in a total of 175 asbestos-related lawsuits with a total of approximately 11,000 plaintiffs.

Alfa Laval strongly believes the claims against the company are without merit and intends to vigorously contest each lawsuit.

During the first quarter 2005, Alfa Laval Inc. was named as co-defendant in an additional 29 lawsuits with a total of 36 plaintiffs. During the first quarter 2005, 29 lawsuits involving approximately 2,800 plaintiffs have been resolved.

Based on current information and Alfa Laval's understanding of these lawsuits, Alfa Laval continues to believe that these lawsuits will not have a material adverse effect on the company's financial condition or results of operation.

Cash flow

Cash flow from operating and investing activities was SEK -466.6 (254.1) million during the first quarter. Out of this, acquisitions of businesses were SEK -425.3 (-8.2) million whereas divestments generated cash of SEK - (13.7) million. The cash flow from operations has primarily been influenced by larger tax payments and increased working capital through increased volume and substantial material price increases in comparison with last year.

Working capital increased by SEK 68.4 (76.5) million during the first quarter.

Investments in property, plant and equipment amounted to SEK 57.8 (43.9) million during the first quarter. Depreciations, excluding allocated step up values, amounted to SEK 61.9 (68.5) million during the period.

Cash and bank

The Group's cash and bank amounted to SEK 600.1 (484.3) million. The item cash and bank in the balance sheet and in the cash flow statement is mainly relating to bank deposits.

Borrowings and net debt

Debt table

Consolidated SEK in millions	March 31 2005	March 31 2004	December 31 2004	December 31 2003
Credit institutions	2,166.5	2,708.3	1,502.1	2,530.7
Senior notes	1,060.6	1,086.5	1,044.4	1,064.8
Capitalised financial leases	3.8	11.1	4.2	13.6
Interest-bearing pension liabilities	4.8	5.2	4.8	5.2
Total debt	3,235.7	3,811.1	2,555.5	3,614.3
Cash, bank and current deposits	-770.6	-1,421.6	-672.0	-1,213.2
Net debt	2,465.1	2,389.5	1,883.5	2,401.1

Cash, bank and current deposits include bank and other deposits in the publicly listed subsidiary Alfa Laval (India) Ltd of about SEK 113.0 (168.1) million. The company is not a wholly owned subsidiary of the Alfa Laval Group. It is owned to 64.1 percent.

Alfa Laval has a senior credit facility with a banking syndicate with a multi currency revolving credit facility of USD 325 million and EUR 150 million, corresponding to SEK 3,665.4 million. At March 31, 2005, SEK 1,800.9 million of the facility were utilised. During the first quarter SEK 91.2 million were amortised. The maturity of the facility is five years.

Alfa Laval intends to redeem the outstanding senior notes on November 15, 2005. This will incur an additional interest cost during the fourth quarter 2005 of approximately SEK 63.3 million for the premium and SEK 20.6 million for the outstanding capitalised transaction costs, totalling SEK 83.9 million.

Ownership and legal structure

Alfa Laval AB (publ) is the parent company of the Alfa Laval Group.

The company had 11,659 (9,168) shareholders on March 31, 2005. The largest owner is Tetra Laval where 17.7 (17.7) percent are owned by Tetra Laval B.V., the Netherlands. Next to the largest owner there are nine institutional investors with ownership in the range of 5.7 to 2.2 percent. The ten largest owners own 47.1 (62.9) percent of the shares. At the beginning of May 2004 Industri Kapital decreased the holding in Alfa Laval from 17.9 percent to 8.5 percent and at March 7, 2005 Industri Kapital sold its remaining holding in Alfa Laval AB to a range of Swedish and international institutional investors.

Acquisitions and disposals

In a news release on February 15, 2005 Alfa Laval communicated that an agreement had been signed to acquire Packinox S.A. in France. Packinox is a world leader in large welded plate heat exchangers for oil & gas and refinery applications, with

expected sales of about SEK 450 million in 2005 and approximately 145 employees within R&D, manufacturing and sales.

Accounting principles

The first quarter interim report 2005 is in accordance with RR 31 "Delårsrapportering för koncerner", which requires that IAS 34 "Interim Financial Reporting" and Årsredovisningslagen must be applied. RR 31 does not mean any change compared to earlier for Alfa Laval. The accounting principles have now been changed so that the accounting is according to IFRS (International Financial Reporting Standards) and that financial instruments are reported according to IAS 39.

Since all IAS rules except IAS 39 have already been implemented at December 31, 2004, the transfer to IFRS has only affected the following areas. As of January 1, 2005 the goodwill is not depreciated any longer but instead tested for impairment. Minority interests have earlier been reported under a separate heading next to equity, but is now reported as a separate item within equity. Provisions are split in short term and long term. IAS 39 means that financial derivatives, bonds and non-listed external shares are adjusted to fair value. The effect of the fair market valuation is reported over equity for the derivatives where hedge accounting is made (according to the cash flow hedging method) and over the income statement first when the underlying transaction has been realised. Hedge accounting requires the derivative to be effective within an 80 – 125 percent range. For the part of an effective derivative that exceeds 100 percent effectiveness the fair market adjustment is reported directly in the income statement. For the derivatives where hedge accounting is not made the fair market valuation is reported directly into the income statement. The fair value adjustment of derivatives is reported separately from the underlying instrument as a separate item called derivative assets/derivative liabilities in the balance sheet. The market valuation of bonds and non-listed external shares has effect on the concerned balance sheet items.

Comparison figures recalculated for IFRS are shown for the first quarter 2004 and full year 2004 in the column "IFRS" if the figures have been changed due to IFRS. Comparison figures are not needed for IAS 39 and are consequently not given.

If IFRS had been implemented already in 2004 it would have had the following effects on the consolidated income statement and equity for the comparison period January 1 – March 31, 2004.

IMPACT ON INCOME IF IFRS HAD BEEN IMPLEMENTED IN 2004

Consolidated SEK in millions	Adjusted EBITA	Operating income	Net income
Income statement Jan 1 - Mar 31, 2004	382.7	245.4	105.2
Adjustments for:			
Depreciation of goodwill	-	49.1	49.1
Minority share in subsidiaries' income	-	-	13.7
Adjusted income Jan 1 - Mar 31, 2004	382.7	294.5	168.0

Adjusted earnings per share (SEK) * 1.38

* After deduction for the minority share in net income

IMPACT ON EQUITY IF IFRS HAD BEEN IMPLEMENTED IN 2004

Consolidated	
SEK in millions	Equity
Equity at March 31, 2004	5,075.1
Adjustments for:	
Depreciation of goodwill	49.1
Minority interests	128.7
Translation difference	0.8
Equity at March 31, 2004 according to IFRS	5,253.7

The reconciliation between earlier principles and the recalculation according to IFRS of the income statement for 2004 and opening and closing equity for 2004 were presented in the fourth quarter and full year 2004 report and in the 2004 annual report. An updated reconciliation of the equity is presented below. Since new IFRS standards can be issued during 2005 the opening balance per January 1, 2004 is preliminary. It should also be noted that this report for the first quarter 2005 has not been audited.

IMPACT ON EQUITY IF IFRS HAD BEEN IMPLEMENTED IN 2004

Amounts in SEK millions

Consolidated	
SEK in millions	Equity
Equity at December 31, 2003	4,897.0
Adjustments for:	
Minority interests	104.2
Equity at January 1, 2004 according to IFRS	5,001.2
Equity at December 31, 2004	4,967.0
Adjustments for:	
Depreciation of goodwill	191.5
Minority interests	119.2
Translation difference	-8.5
Equity at December 31, 2004 according to IFRS	5,269.2
Adjustments for:	
Financial instruments	159.3
Deferred tax	-52.6
Equity at January 1, 2005 according to IFRS	5,375.9

Proposed disposition of earnings

The Board of Directors have proposed a dividend for 2004 of SEK 4.75 (4.00) per share corresponding to SEK 530.4 (446.7) million and that the remaining income available for distribution of SEK 277.1 (622.3) million be carried forward.

Date for the next financial reports during 2005

Alfa Laval will publish interim reports during 2005 at the following dates:

Interim report for the second quarter	July 21
Interim report for the third quarter	October 25

Events after the balance sheet date

The balance sheets and the income statements will be adopted at the Annual General Meeting of shareholders on April 27, 2005.

On April 12, 2005 Alfa Laval has signed a new senior credit facility of the equivalent of EUR 535 million with a banking syndicate. The credit facility will be used to refinance the existing syndicated loan and the planned redemption of the Group's senior notes. The planned redemption accounts for the increase of the senior credit facility. The new facility provides increased flexibility, extended maturity and reduced costs.

CONSOLIDATED CASH-FLOW STATEMENTS

Amounts in SEK millions	Jan 1 - Mar 31 2005	Jan 1 - Mar 31 2004	Jan 1 - Dec 31 2004	Jan 1 - Dec 31 2003
Cash flow from operating activities				
Operating income	133.2	245.4	1,246.9	1,138.5
Adjustment for depreciation	133.7	192.3	745.8	787.2
Adjustment for other non-cash items	-1.8	11.8	15.4	22.1
	<u>265.1</u>	<u>449.5</u>	<u>2,008.1</u>	<u>1,947.8</u>
Taxes paid	-180.2	-80.5	-335.6	-268.6
Cash flow from operations before working capital	84.9	369.0	1,672.5	1,679.2
Changes in working capital:				
(Increase)/decrease of current receivables	273.8	296.8	-389.4	-25.4
(Increase)/decrease of inventories	-334.5	-245.7	-297.0	-17.2
Increase/(decrease) of liabilities	-40.5	-98.8	131.9	16.9
Increase/(decrease) of provisions *	32.8	-28.8	85.3	50.5
	<u>-68.4</u>	<u>-76.5</u>	<u>-469.2</u>	<u>24.8</u>
Cash flow from operating activities	<u>16.5</u>	<u>292.5</u>	<u>1,203.3</u>	<u>1,704.0</u>
Cash flow from investing activities				
Investments in fixed assets	-57.8	-43.9	-387.5	-258.5
Divestment of fixed assets	-	3.6	361.5	40.1
Additional purchase price	-	-8.2	-9.4	-7.6
Acquisition of businesses	-425.3	-	-	-281.9
Reduction of purchase price	-	-	61.2	-
Divestment of businesses	-	10.1	10.0	-
Cash flow from investing activities	<u>-483.1</u>	<u>-38.4</u>	<u>35.8</u>	<u>-507.9</u>
Cash flow from financing activities				
Financial net, paid	1.8	-44.3	-201.4	-231.1
Dividends	-	-	-446.7	-223.3
(Increase)/decrease of other financial assets	37.3	-250.3	472.4	-256.9
Capitalised financing costs, acquisition loans	-	-	-7.3	-
Increase/(decrease) of liabilities to credit institutions	581.9	-59.7	-1,170.2	-455.9
Cash flow from financing activities	<u>621.0</u>	<u>-354.3</u>	<u>-1,353.2</u>	<u>-1,167.2</u>
Net increase (decrease) in cash and bank	154.4	-100.2	-114.1	28.9
Cash and bank at the beginning of the year	414.8	554.6	554.6	605.9
Translation difference in cash and bank	30.9	29.9	-25.7	-80.2
Cash and bank at the end of the period	<u>600.1</u>	<u>484.3</u>	<u>414.8</u>	<u>554.6</u>
Free cash flow per share (SEK) **	-4.18	2.28	11.10	10.71
Average number of shares	111,671,993	111,671,993	111,671,993	111,671,993

* "Changes in provisions" has been moved from investing activities to changes in working capital.

** Free cash flow is the sum of cash flows from operating and investing activities.

CONSOLIDATED INCOME STATEMENT

Amounts in SEK millions	IFRS **			IFRS **	
	Jan 1 - Mar 31 2005	Jan 1 - Mar 31 2004	Jan 1 - Mar 31 2004	Jan 1 - Dec 31 2004	Jan 1 - Dec 31 2004
Net sales	3,267.6	3,183.9	3,183.9	14,985.8	14,985.8
Cost of goods sold	-2,131.6	-2,015.4	-2,015.4	-9,937.0	-9,937.0
Gross profit	1,136.0	1,168.5	1,168.5	5,048.8	5,048.8
Sales costs	-545.2	-537.7	-537.7	-2,132.4	-2,132.4
Administration costs	-207.0	-185.7	-185.7	-929.5	-929.5
Research and development costs	-100.4	-92.4	-92.4	-403.9	-403.9
Other operating income *	33.7	72.4	72.4	325.2	325.2
Other operating costs *	-183.9	-130.6	-130.6	-469.8	-469.8
Amortisation of goodwill	-	-	-49.1	-	-191.5
Operating income	133.2	294.5	245.4	1,438.4	1,246.9
Dividends	0.8	0.6	0.6	3.1	3.1
Interest income	55.1	74.0	74.0	166.4	166.4
Interest expense	-113.3	-109.3	-109.3	-346.3	-346.3
Result after financial items	75.8	259.8	210.7	1,261.6	1,070.1
Minority share in subsidiaries' income	-	-	-13.7	-	-45.4
Taxes	-11.6	-91.8	-91.8	-421.5	-421.5
Net income for the year	64.2	168.0	105.2	840.1	603.2
Earnings per share (SEK)	0.49	1.38	0.94	7.12	5.40
Average number of shares	111,671,993	111,671,993	111,671,993	111,671,993	111,671,993

* The line has been affected by comparison distortion items, see separate specification below.

** According to IFRS, i.e. excluding goodwill amortisation and minority interest.

Comparison distortion items

Amounts in SEK millions	Jan 1 - Mar 31 2005	Jan 1 - Mar 31 2004	Jan 1 - Dec 31 2004
Operational			
Other operating income	33.7	70.9	271.3
Comparison distortion income	0.0	1.5	53.9
Total other operating income	33.7	72.4	325.2
Other operating costs	-58.9	-115.6	-452.6
Comparison distortion costs	-125.0	-15.0	-17.2
Total other operating costs	-183.9	-130.6	-469.8

In order to illustrate the quarterly development, the income statement analysis is shown also for the last ten quarters:

Income statement analysis **

SEK millions	2005	2004				2003				2002
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net sales	3,267.6	4,166.1	3,837.5	3,798.3	3,183.9	4,086.3	3,426.3	3,402.0	2,994.7	4,175.1
Adjusted gross profit	1,207.8	1,392.4	1,348.7	1,357.9	1,243.2	1,385.0	1,318.9	1,334.5	1,197.4	1,539.1
- in % of net sales	37.0	33.4	35.1	35.8	39.0	33.9	38.5	39.2	40.0	36.9
Expenses *	-815.9	-856.4	-863.5	-874.3	-792.0	-846.5	-818.0	-849.8	-801.4	-922.3
- in % of net sales	25.0	20.6	22.5	23.0	24.9	20.7	23.9	25.0	26.8	22.1
Adjusted EBITDA	391.9	536.0	485.2	483.6	451.2	538.5	500.9	484.7	396.0	616.8
- in % of net sales	12.0	12.9	12.6	12.7	14.2	13.2	14.6	14.2	13.2	14.8
Depreciation	-61.9	-70.0	-58.8	-63.6	-68.5	-75.5	-70.7	-72.2	-74.7	-81.8
Adjusted EBITA	330.0	466.0	426.4	420.0	382.7	463.0	430.2	412.5	321.3	535.0
- in % of net sales	10.1	11.2	11.1	11.1	12.0	11.3	12.6	12.1	10.7	12.8
Amortisation of step up values	-71.8	-71.4	-72.8	-74.5	-74.7	-74.4	-75.7	-75.6	-77.1	-78.1
Comparison distortion items	-125.0	2.7	47.5	-	-13.5	2.0	-	-	3.6	-0.7
EBIT	133.2	397.3	401.1	345.5	294.5	390.6	354.5	336.9	247.8	456.2

* Excluding comparison distortion items ** According to IFRS, i.e. excluding goodwill amortisation

CONSOLIDATED BALANCE SHEET

Amounts in SEK millions	IFRS *		IFRS *		
	Mar 31 2005	Mar 31 2004	Mar 31 2004	Dec 31 2004	Dec 31 2004
ASSETS					
Non-current assets:					
Intangible assets	4,420.9	4,299.5	4,249.6	3,901.5	3,718.5
Property, plant and equipment	2,520.4	2,763.3	2,763.3	2,480.3	2,480.3
Financial assets	694.9	683.5	683.5	601.4	601.4
	<u>7,636.2</u>	<u>7,746.3</u>	<u>7,696.4</u>	<u>6,983.2</u>	<u>6,800.2</u>
Current assets					
Inventories	2,986.5	2,545.2	2,545.2	2,452.5	2,452.5
Accounts receivable	2,715.9	2,591.6	2,591.6	2,613.3	2,613.3
Other receivables	1,213.0	1,090.2	1,090.2	1,363.0	1,363.0
Derivative assets	57.7	-	-	-	-
Other current deposits	170.5	937.3	937.3	257.2	257.2
Cash and bank	600.1	484.3	484.3	414.8	414.8
	<u>7,743.7</u>	<u>7,648.6</u>	<u>7,648.6</u>	<u>7,100.8</u>	<u>7,100.8</u>
TOTAL ASSETS	15,379.9	15,394.9	15,345.0	14,084.0	13,901.0
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity	5,434.8	5,253.7	5,075.1	5,269.2	4,967.0
Minority interest	-	-	128.7	-	119.2
Provisions for:					
Pensions and similar commitments	806.5	786.0	786.0	788.9	788.9
Deferred taxes	777.6	890.2	890.2	760.3	760.3
Other	347.1	301.2	301.2	316.1	316.1
	<u>1,931.2</u>	<u>1,977.4</u>	<u>1,977.4</u>	<u>1,865.3</u>	<u>1,865.3</u>
Non-current liabilities:					
Liabilities to credit institutions	1,838.8	2,548.2	2,548.2	1,262.7	1,262.7
Senior notes	1,060.6	1,086.5	1,086.5	1,044.4	1,044.4
	<u>2,899.4</u>	<u>3,634.7</u>	<u>3,634.7</u>	<u>2,307.1</u>	<u>2,307.1</u>
Current liabilities:					
Liabilities to credit institutions	327.7	160.1	160.1	239.4	239.4
Accounts payable	1,324.0	1,240.6	1,240.6	1,349.6	1,349.6
Advances from customers	793.3	582.7	582.7	542.0	542.0
Other liabilities	1,893.9	1,943.3	1,943.3	1,879.3	1,879.3
Other provisions	694.1	602.4	602.4	632.1	632.1
Derivative liabilities	81.5	-	-	-	-
	<u>5,114.5</u>	<u>4,529.1</u>	<u>4,529.1</u>	<u>4,642.4</u>	<u>4,642.4</u>
TOTAL SHAREHOLDERS' EQUITY & LIAB.	15,379.9	15,394.9	15,345.0	14,084.0	13,901.0

* According to IFRS, i.e. excluding goodwill amortisation and including minority interest in equity capital.

CHANGES IN CONSOLIDATED EQUITY

Amounts in SEK millions

	Jan 1 - Mar 31 2005	IFRS * Jan 1 - Mar 31 2004	Jan 1 - Mar 31 2004	IFRS * Jan 1 - Dec 31 2004	Jan 1 - Dec 31 2004
At the beginning of the period	5,375.9	5,001.2	4,897.0	5,001.2	4,897.0
Change in market value of financial instruments	-99.8	-	-	-	-
Dividends	-	-	-	-446.7	-446.7
Translation difference	104.2	98.2	72.9	-80.0	-86.5
Net income for the period	64.2	168.0	105.2	840.1	603.2
Minority share in subsidiaries' income	-9.7	-13.7	-	-45.4	-
At the end of the period	5,434.8	5,253.7	5,075.1	5,269.2	4,967.0
Minority interest part of equity capital	136.8	128.7	-	119.2	-

* According to IFRS, i.e. excluding goodwill amortisation and including minority interest in equity capital.

The share capital of SEK 1,116,719,930 is divided into 111,671,993 shares at par value SEK 10.