

ALFA  
LAV

# Interim Report Q3 2005

- Orders received and margins
- Highlights
- Development per segment
- Geographical development
- Financials
- Outlook

Mr. Lars Renström  
President and CEO  
Alfa Laval Group

# Key figures

## July – September 2005

- Orders received up 25%
- Net sales up 10%
- Adjusted EBITA MSEK 479 (426)  
*- Negative currency effect MSEK 31*

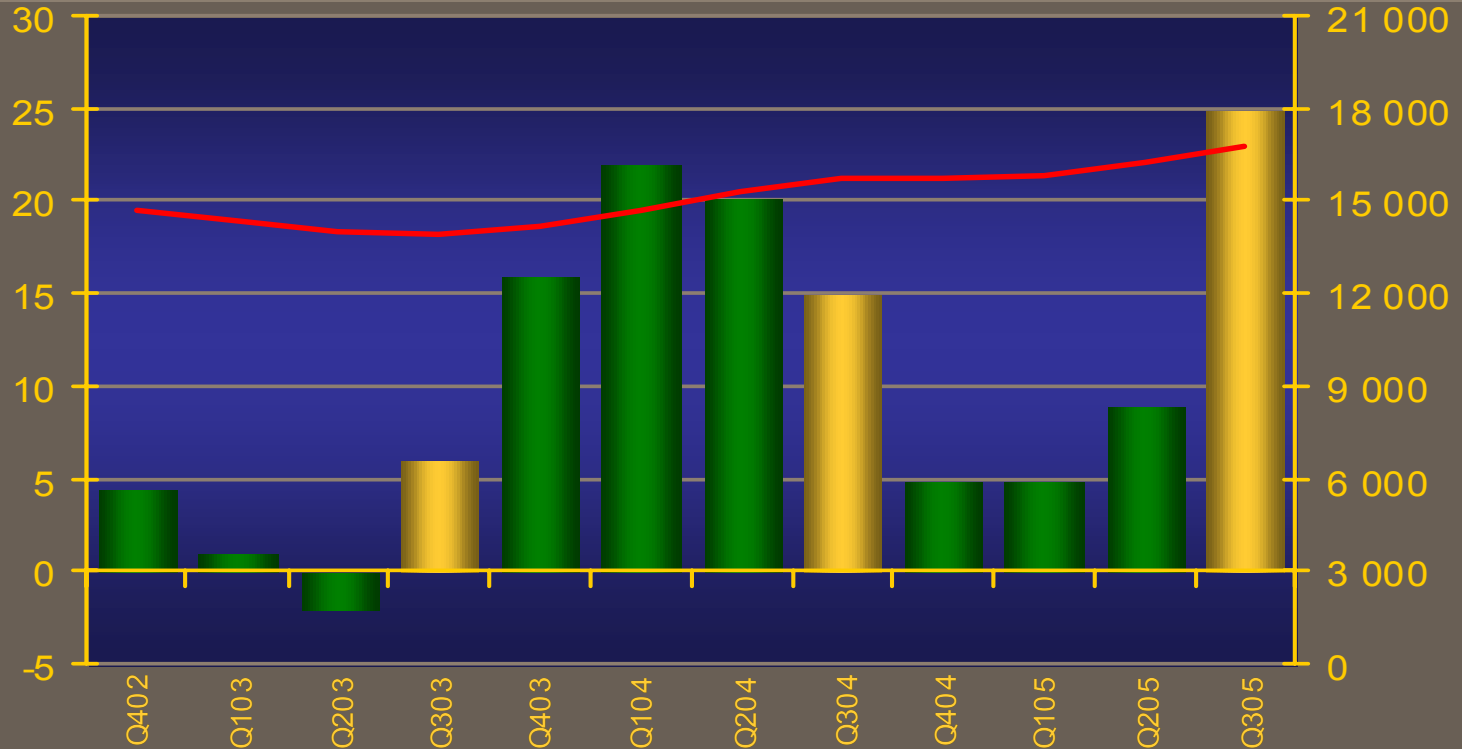
## January – September 2005

- Orders received up 13%
- Net sales up 8%
- Adjusted EBITA MSEK 1,231 (1,229)  
*- Negative currency effect MSEK 112*

# Orders received

% Q on Q

SEK million R 12



— = rolling twelve months value

■ ■ = % development compared with the same quarter the year before

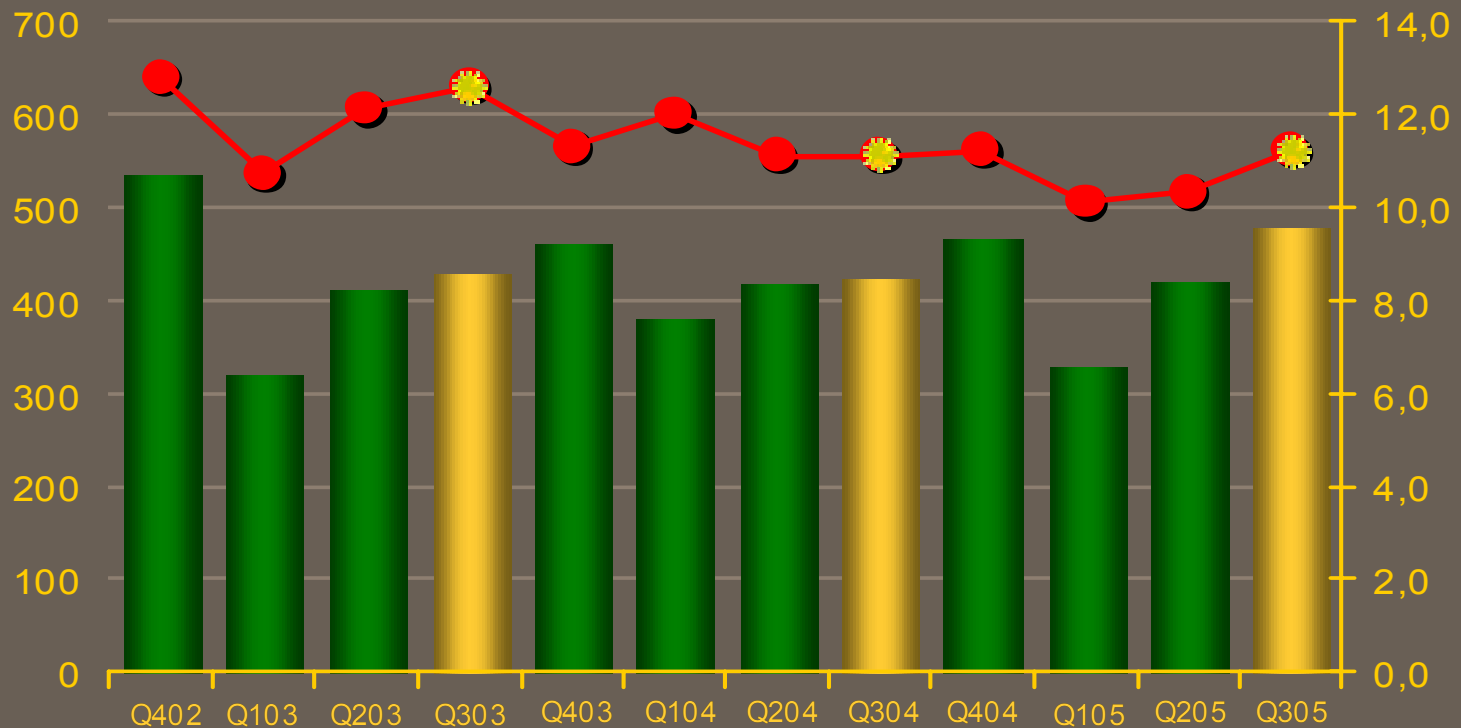
# Order analysis

July – Sep 05

<b>2004</b> (SEK million)	<b>3,866</b>
Structural change, %	+ 2
Currency effects, %	+ 2
Organic development, %	+ 23
Total, %	+ 27
<b>2005</b> (SEK million)	<b>4,918</b>

# 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."

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# Highlights

July – September 2005

- Agreement to acquire Tranter PHE



# Highlights

July – September 2005

- Agreement to acquire Tranter PHE
- A couple of big orders

Qatar (Natural gas)	MSEK 120	2006
The Middle East (Central cooling)	MSEK 100	2007
Brazil (Oil & Gas)	MSEK 75	2007

# Highlights

July – September 2005

- Agreement to acquire Tranter PHE
- A couple of big orders

Qatar (Natural gas)	MSEK 120	2006
The Middle East (Central cooling)	MSEK 100	2007
Brazil (Oil & Gas)	MSEK 75	2007

- Strong order intake from marine for deliveries in 2007 and 2008

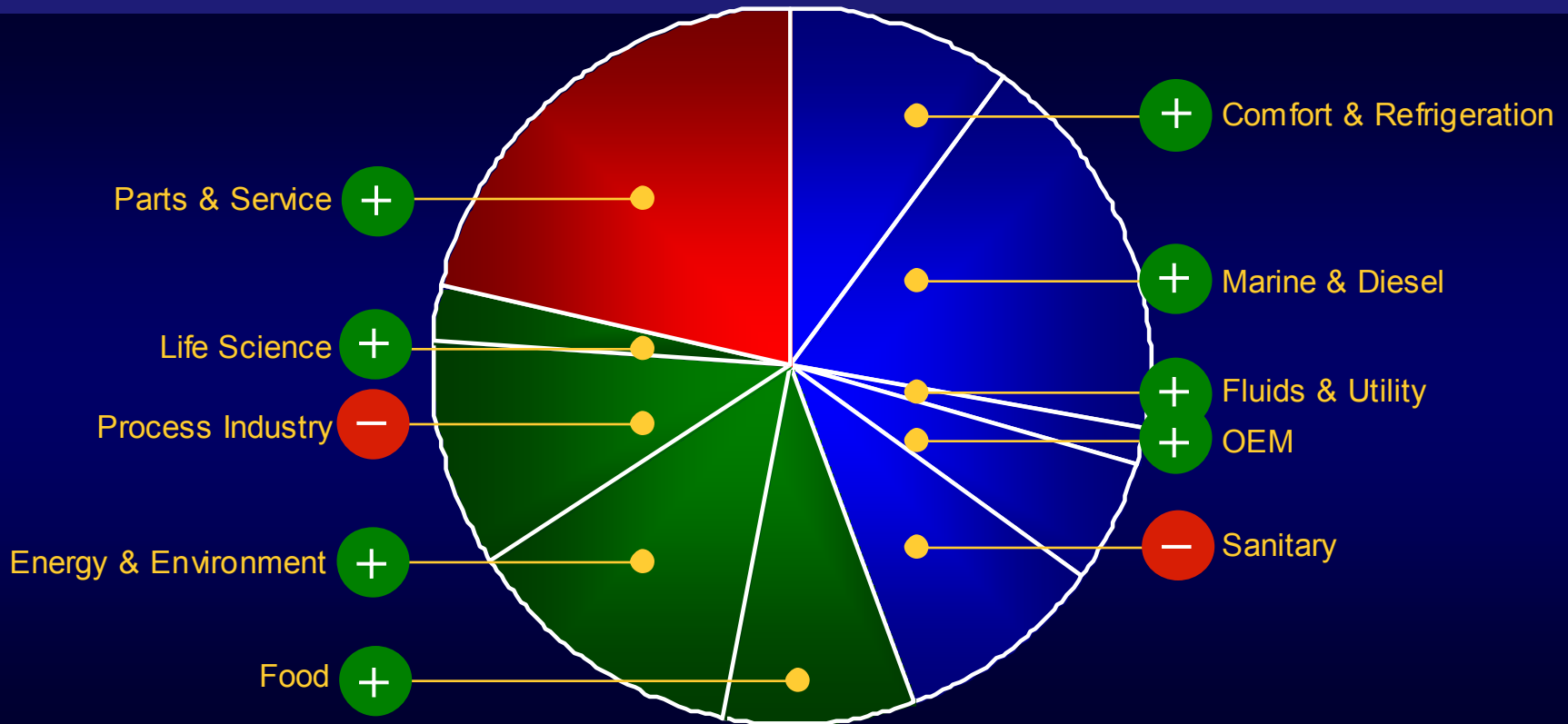
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# Orders received by Segment

July – September 2005, at constant rates



# Energy

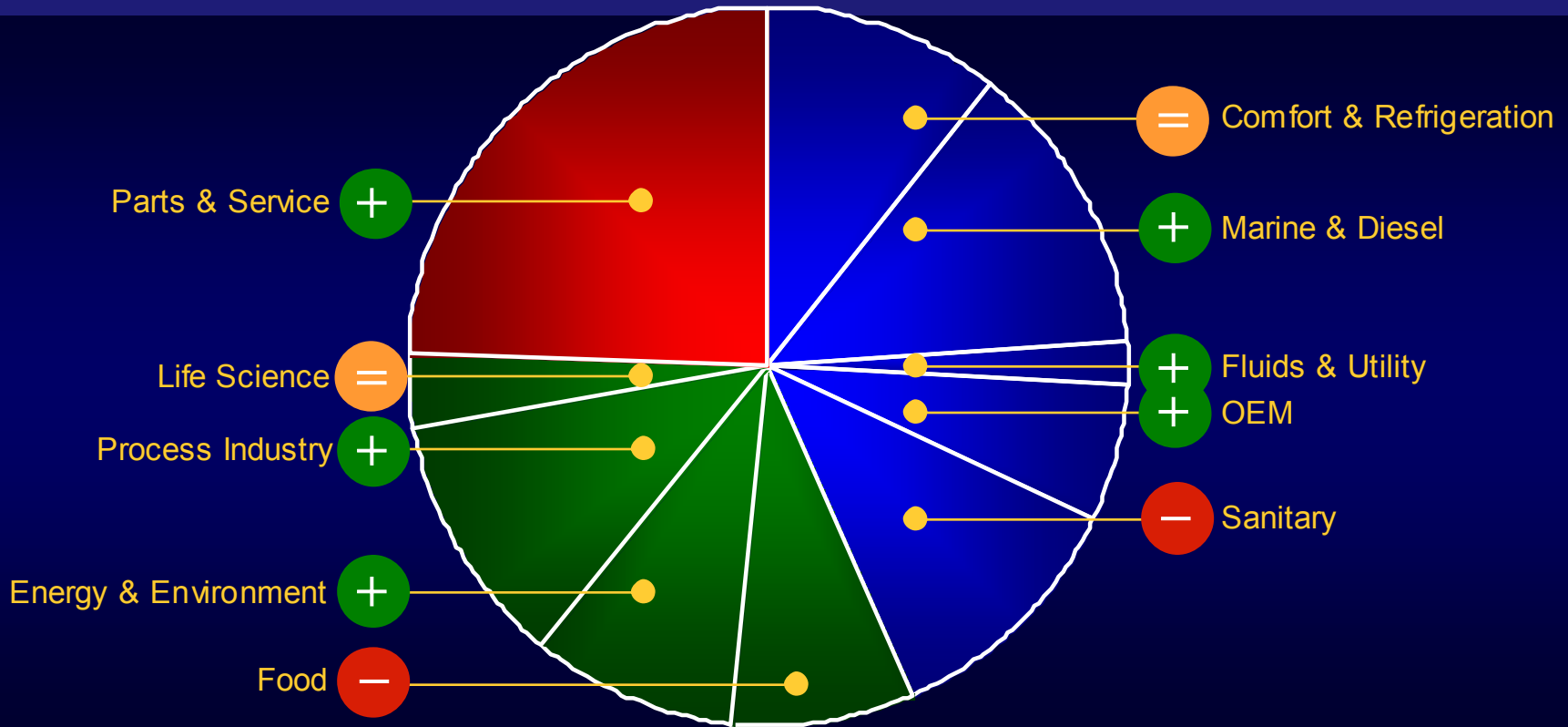


## Very strong demand

- \* More than doubled order intake in Q3 compared with Q3 2004
- \* Strong demand in all geographical areas
- \* Alfa Laval well positioned in a number of application areas, including the addition of Packinox
- \* Main topic during Alfa Laval's Capital Markets Day in Copenhagen, November 24

# Orders received by Segment

January – September 2005, at constant rates



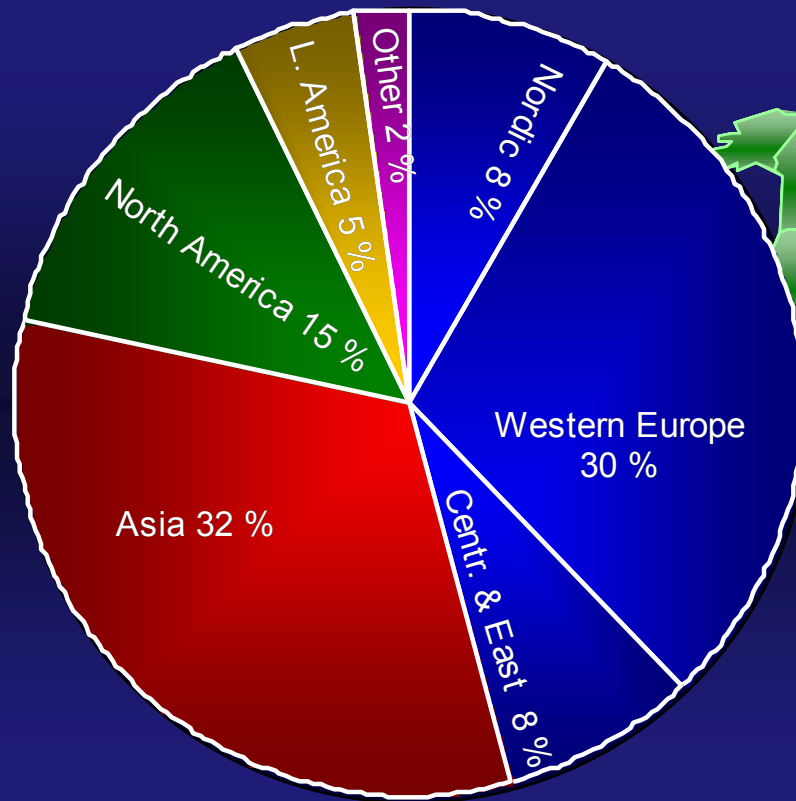
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# Orders received by Region

July – September 2005, at constant rates





# Highlights Americas

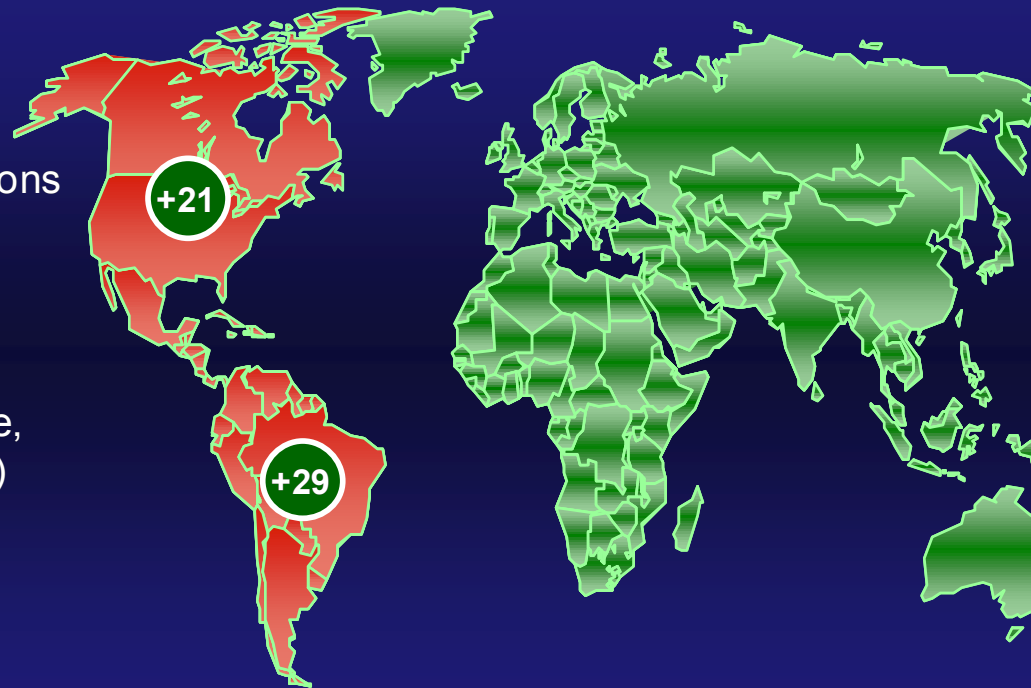
July – September 2005, at constant rates

## North America

- Continued growth in US, particularly in energy applications
- All segments above 2004, except Sanitary and Food

## Latin America

- Very strong investment climate, especially in Brazil (Oil & Gas)
- Strong development in Process Technology Division and Parts & Service



# Highlights Europe

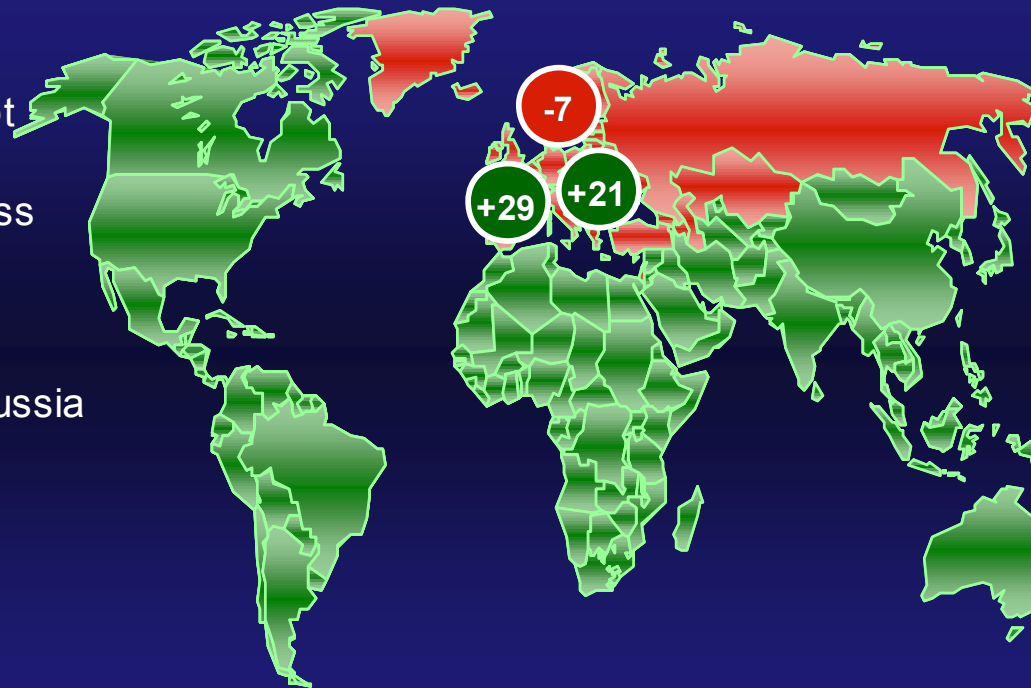
July – September 2005, at constant rates

## Western Europe incl. Nordic

- All regions above 2004, except Nordic and Mideurope
- Energy & Environment, Process Industry and Marine strong

## Central and Eastern Europe

- Significant project orders in Russia
- Very strong development in Process Industry and Energy & Environment



# Highlights Asia

July – September 2005, at constant rates

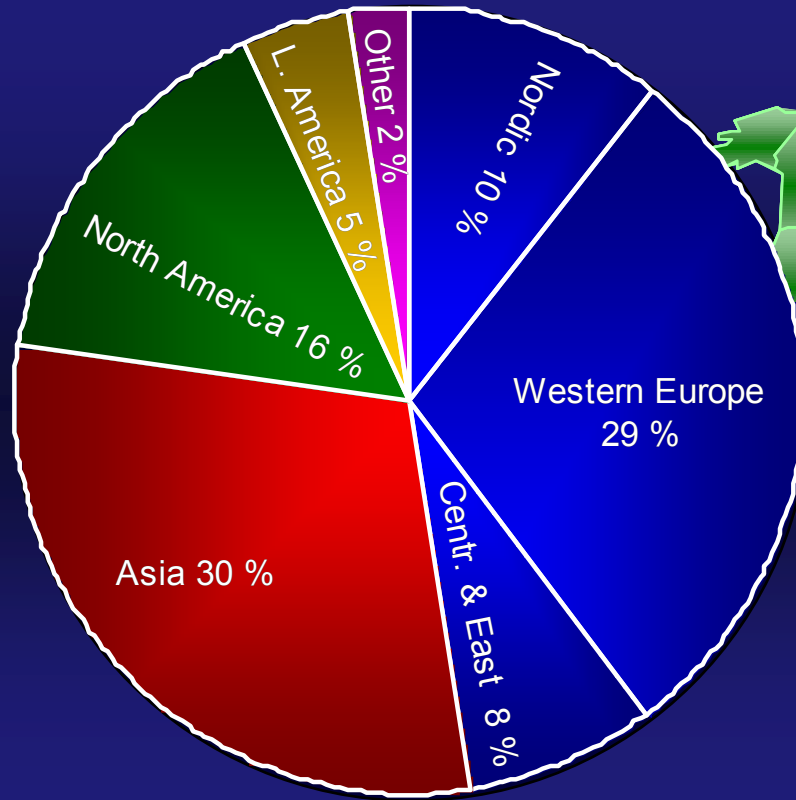
## Asia

- China and Japan continues to be very strong
- Local presence in the Middle East gives market advantages
- Marine orders in Korea.



# Orders received by Region

January – September 2005, at constant rates



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Mr. Thomas Thuresson  
CFO  
Alfa Laval Group

# Highlights

SEK million

July – Sep 05

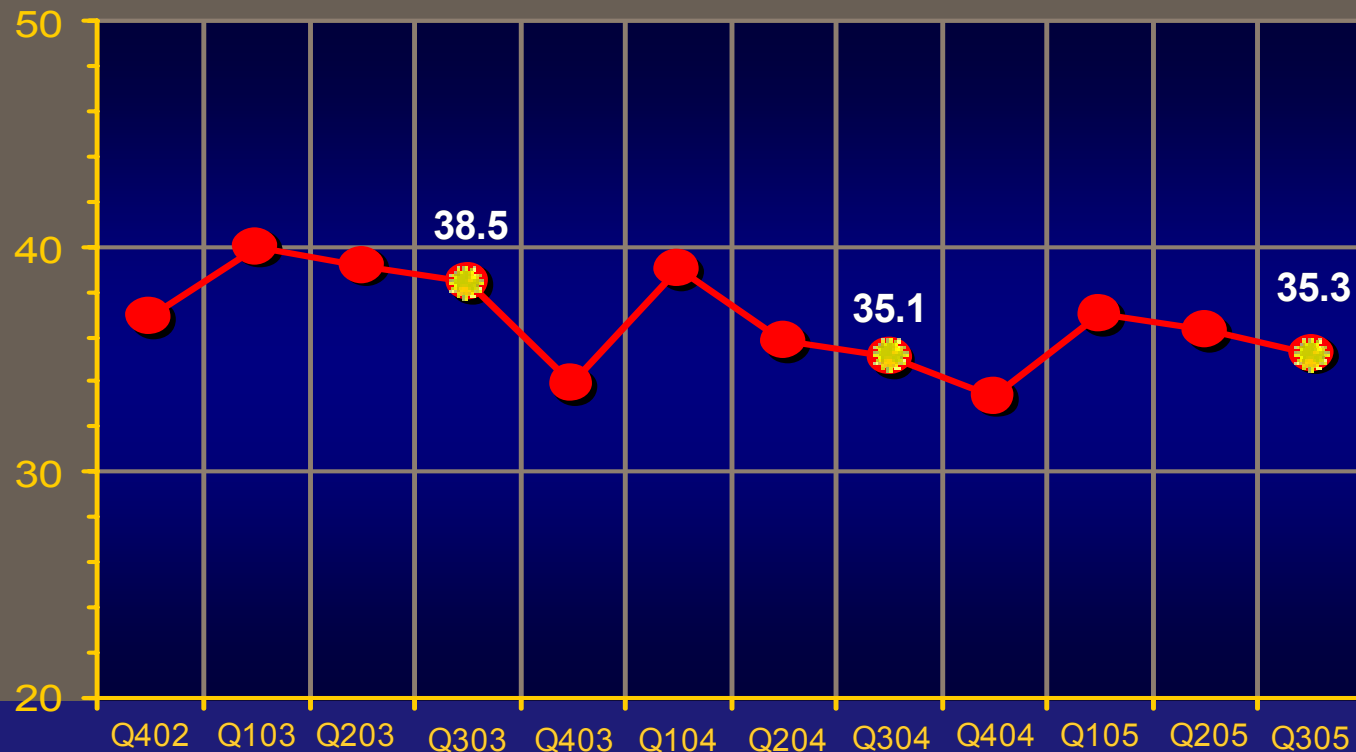
Order intake	<b>4,918</b>
Net sales	<b>4,278</b>
Adjusted EBITA	<b>479</b>
Adjusted EBITA-margin	<b>11.2 %</b>

# Adjusted EBITA

<u>SEK million</u>	<u>Q3 05</u>	<u>Q1 - Q3 05</u>
2004	426	1,229
2005	479	1,231
<u>Deviation</u>	<u>53</u>	<u>2</u>
FX. translation	+ 8	+ 1
FX. transaction	- 39	- 113
<u>Deviation excl FX</u>	<u>84</u>	<u>114</u>

# Gross profit margin

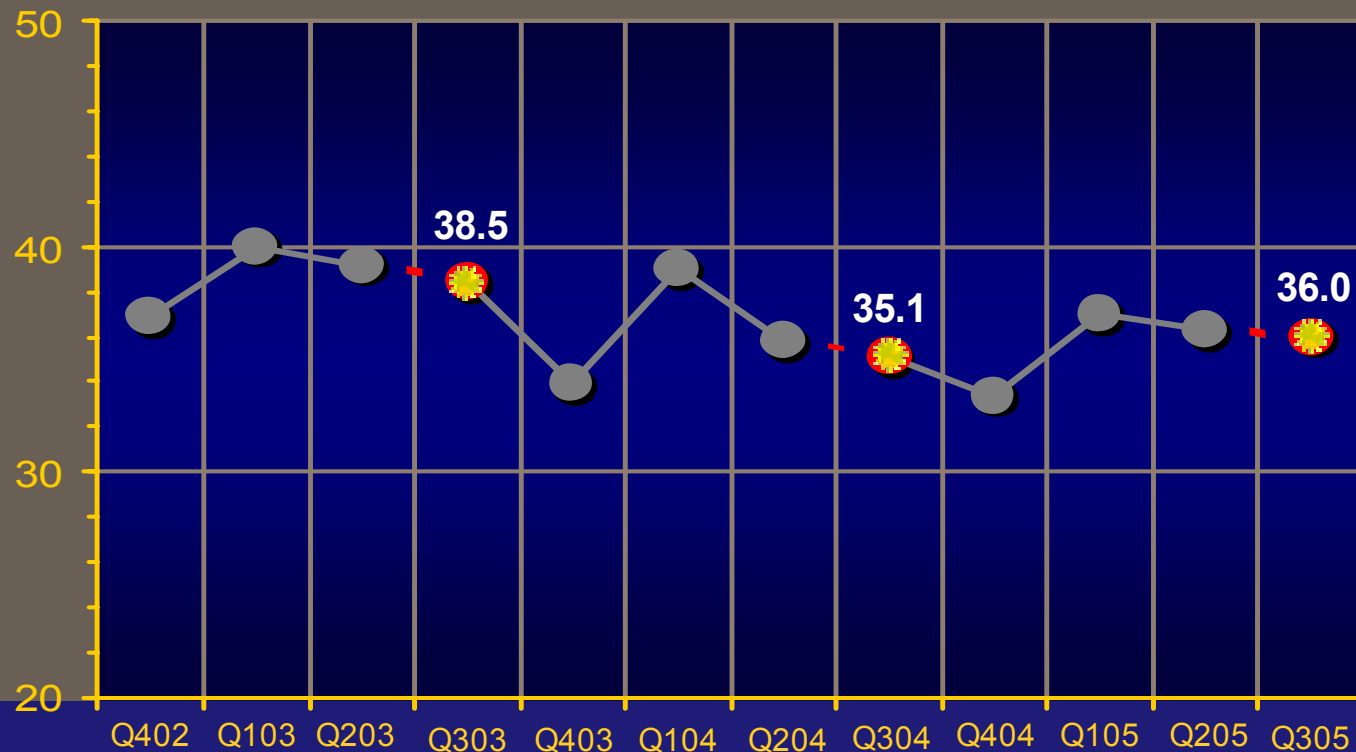
In percent of sales





# Gross profit margin

In percent of sales, excluding FX-transactions Q305



# Highlights

SEK million	July – Sep 05
Order intake	<b>4,918</b>
Net sales	<b>4,278</b>
Adjusted EBITA	<b>479</b>
Adjusted EBITA-margin	<b>11.2 %</b>
Profit before tax	<b>405</b>

*Including gain on sale of property, SEK 47 million*

# Earnings per share

	Q3		Jan - Sep	
	2005	2004*	2005	2004*
Earnings	2.54	2.05	5.19	5.23
Earnings, excluding step-up	2.99	2.51	6.52	6.59

\*IFRS

# Highlights

SEK million	July – Sep 05
Order intake	<b>4,918</b>
Net sales	<b>4,278</b>
Adjusted EBITA	<b>479</b>
Adjusted EBITA-margin	<b>11.2 %</b>
Profit before tax	<b>405</b>
<i>Including gain on sale of property, SEK 47 million</i>	
Cash flow from operating activities	<b>485</b>
ROCE	<b>21.1 %</b>
<i>Excl. step-up and goodwill approx. 52.2%</i>	

# Cash-flow statement

SEK million	Q3		Jan - Sep	
	2005	2004	2005	2004
Cash flows from				
- operating activities	485	433	779	935
- investing activities	- 28	209	-572	182
Financial net paid	- 64	- 53	-177	-121
Dividends	-	-	-557	-447
Total	393	589	-527	549
Pro Forma Free-cash-flow*	335	279	397	597

*\*Incl. operating activities, capital expenditure (excl. product rights), provisions and financial net paid.*

# Redemption of high yield bond

Expected call-back on November 15, 2005

SEK million

Q4 2005

Buy back, penalty interest	- 63
Capitalized financing cost, write off	- 21
Non recurring financial cost in Q4 2005	- 84

# Foreign exchange

## Estimated impact on adjusted EBITA from Fx. fluctuations

SEK million	Q3 2005	Jan- Sep 2005	WY 2005*	WY 2006*
Translation effect	+ 8	+ 1	0	0
Transaction effect	- 39	- 113	- 165	+ 32
Total	- 31	- 112	- 165	+ 32

\*Based on EUR/USD 1.21 and EUR/SEK 9.25

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# Outlook for the near future

Alfa Laval is expecting ...

...a continued demand on the same high level as year-to-date.

...that the current high price level for some raw materials will remain, at least short term.

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