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

Q102 Q103 Q104 Q203 Q204 Q303 Q403 Q104 Q204 Q304 Q404 Q105 Q205 Q305

SEK million R 12

-5 0 5 10 15 20 25 30

0 3 000 6 000 9 000 12 000 15 000 18 000 21 000

= rolling twelve months value

= % development compared with the same quarter the year before
## Order analysis

<table>
<thead>
<tr>
<th></th>
<th>July – Sep 05</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2004</strong> (SEK million)</td>
<td>3,866</td>
</tr>
<tr>
<td>Structural change, %</td>
<td>+ 2</td>
</tr>
<tr>
<td>Currency effects,%</td>
<td>+ 2</td>
</tr>
<tr>
<td>Organic development, %</td>
<td>+ 23</td>
</tr>
<tr>
<td>Total, %</td>
<td>+ 27</td>
</tr>
<tr>
<td><strong>2005</strong> (SEK million)</td>
<td>4,918</td>
</tr>
</tbody>
</table>
**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

- Comfort & Refrigeration
- Marine & Diesel
- Fluids & Utility
- OEM
- Sanitary
- Parts & Service
- Life Science
- Process Industry
- Energy & Environment
- Food
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

- Comfort & Refrigeration
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Orders received by Region

July – September 2005, at constant rates

- Asia 32%
- North America 15%
- Western Europe 30%
- Centr. & East 8%
- Nordic 8%
- L. America 5%
- Other 2%

+29, +33, +21, +21, +29, +21, +7
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

+29
+21
-7
Highlights Asia

July – September 2005, at constant rates

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

+33
Orders received by Region
January – September 2005, at constant rates

- North America: 16%
- Asia: 30%
- Western Europe: 29%
- Cent. & East: 8%
- Nordic: 10%
- L. America: 5%
- Other: 2%
- +38
e-7
+8
+11
+22

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Mr. Thomas Thuresson
CFO
Alfa Laval Group
## Highlights

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<td>Net sales</td>
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<td>Adjusted EBITA</td>
<td>479</td>
</tr>
<tr>
<td>Adjusted EBITA-margin</td>
<td>11.2 %</td>
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## Adjusted EBITA

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Q3 05</th>
<th>Q1 - Q3 05</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>426</td>
<td>1,229</td>
</tr>
<tr>
<td>2005</td>
<td>479</td>
<td>1,231</td>
</tr>
<tr>
<td>Deviation</td>
<td>53</td>
<td>2</td>
</tr>
<tr>
<td>FX. translation</td>
<td>+ 8</td>
<td>+ 1</td>
</tr>
<tr>
<td>FX. transaction</td>
<td>- 39</td>
<td>- 113</td>
</tr>
<tr>
<td>Deviation excl FX</td>
<td>84</td>
<td>114</td>
</tr>
</tbody>
</table>
Gross profit margin

In percent of sales

Q402 Q103 Q203 Q303 Q403 Q104 Q204 Q304 Q404 Q105 Q205 Q305

35.3 38.5 35.1 35.3
Gross profit margin

In percent of sales, excluding FX-transactions Q305
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<td>Profit before tax</td>
<td>405</td>
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*Including gain on sale of property, SEK 47 million*
## Earnings per share

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<thead>
<tr>
<th></th>
<th>Q3 2005</th>
<th>Q3 2004*</th>
<th>Jan - Sep 2005</th>
<th>Jan - Sep 2004*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings</td>
<td>2.54</td>
<td>2.05</td>
<td>5.19</td>
<td>5.23</td>
</tr>
<tr>
<td>Earnings, excluding step-up</td>
<td>2.99</td>
<td>2.51</td>
<td>6.52</td>
<td>6.59</td>
</tr>
</tbody>
</table>

*IFRS*
## Highlights

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</tr>
<tr>
<td><strong>Including gain on sale of property, SEK 47 million</strong></td>
<td></td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>485</td>
</tr>
<tr>
<td>ROCE</td>
<td>21.1 %</td>
</tr>
<tr>
<td><strong>Excl. step-up and goodwill approx. 52.2%</strong></td>
<td></td>
</tr>
</tbody>
</table>
## Cash-flow statement

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

*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

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Q4 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy back, penalty interest</td>
<td>- 63</td>
</tr>
<tr>
<td>Capitalized financing cost, write off</td>
<td>- 21</td>
</tr>
<tr>
<td>Non recurring financial cost in Q4 2005</td>
<td>- 84</td>
</tr>
</tbody>
</table>
## Foreign exchange

### Estimated impact on adjusted EBITA from Fx. fluctuations

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Q3 2005</th>
<th>Jan- Sep 2005</th>
<th>WY 2005*</th>
<th>WY 2006*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Translation effect</td>
<td>+8</td>
<td>+1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Transaction effect</td>
<td>-39</td>
<td>-113</td>
<td>-165</td>
<td>+32</td>
</tr>
<tr>
<td>Total</td>
<td>-31</td>
<td>-112</td>
<td>-165</td>
<td>+32</td>
</tr>
</tbody>
</table>

*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.