

ALFAVAL

Interim Report Q4 2005

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

Mr. Lars Renström
President and CEO
Alfa Laval Group

Key figures

October – December 2005

- Orders received up 23%
- Net sales up 4%
- Adjusted EBITA MSEK 535 (466)
- Negative currency effect MSEK 21

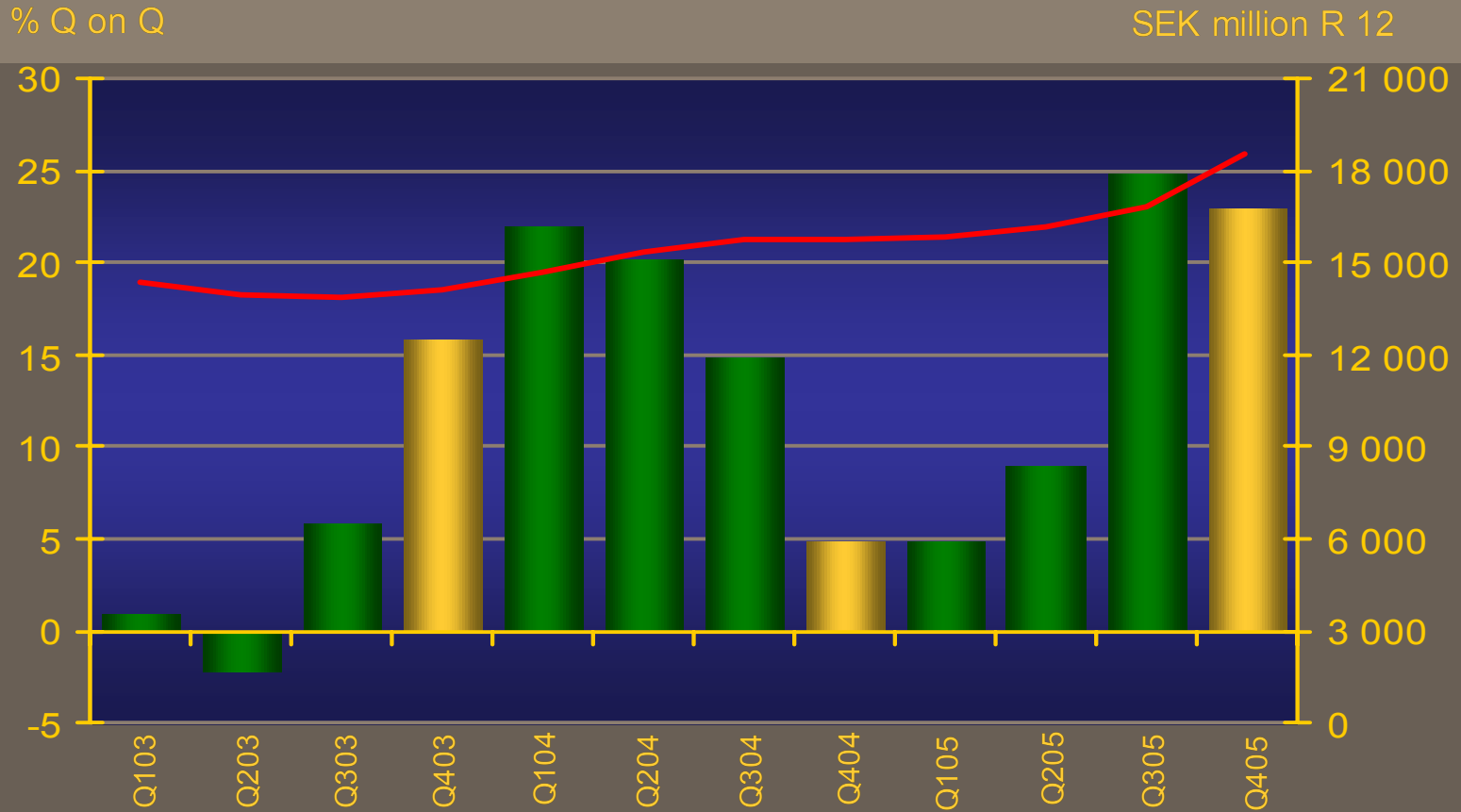
January – December 2005

- Orders received up 15%
- Net sales up 7%
- Adjusted EBITA MSEK 1,766 (1,695)
- Negative currency effect MSEK 133

Proposed dividend for 2005

- The Board of Directors proposes a dividend of 5:10 SEK (4:75)

Orders received *(at constant exchange rates)*



— = rolling twelve months value

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

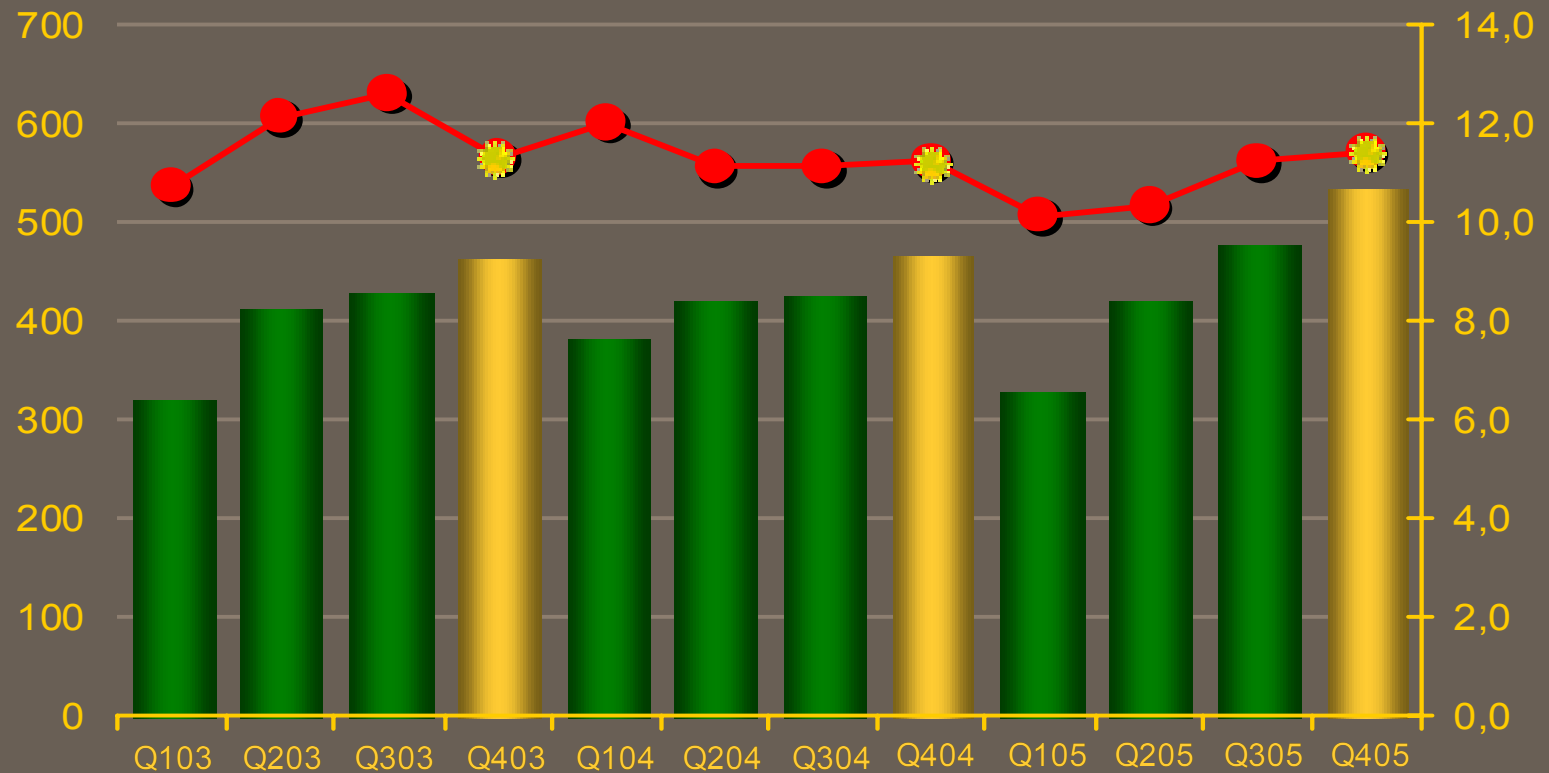
Order analysis

Oct – Dec 05

2004 (SEK million)	3,771
Structural change, %	+ 5
Currency effects,%	+10
Organic development, %	+ 18
Total, %	+ 33
2005 (SEK million)	5,020

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

October – December 2005

- Record order to Saudi Arabia, MSEK 230

Plate heat exchangers for central cooling in a petrochemical plant

Delivery in 2007

Highlights

October – December 2005

- Record order to Saudi Arabia, SEK 230 million

Plate heat exchangers for central cooling in a petrochemical plant

Delivery in 2007

- Order to Kuwait, SEK 100 million

Plate heat exchangers to clean crude oil

Delivery in 2007

Highlights

October – December 2005

- Record order to Saudi Arabia, SEK 230 million

*Plate heat exchangers for central cooling in a petrochemical plant
Delivery in 2007*

- Order to Kuwait, SEK 100 million

*Plate heat exchangers to clean crude oil
Delivery in 2007*

- High yield bond redeemed

Cost of SEK 89 million to get savings per year of SEK 85 million

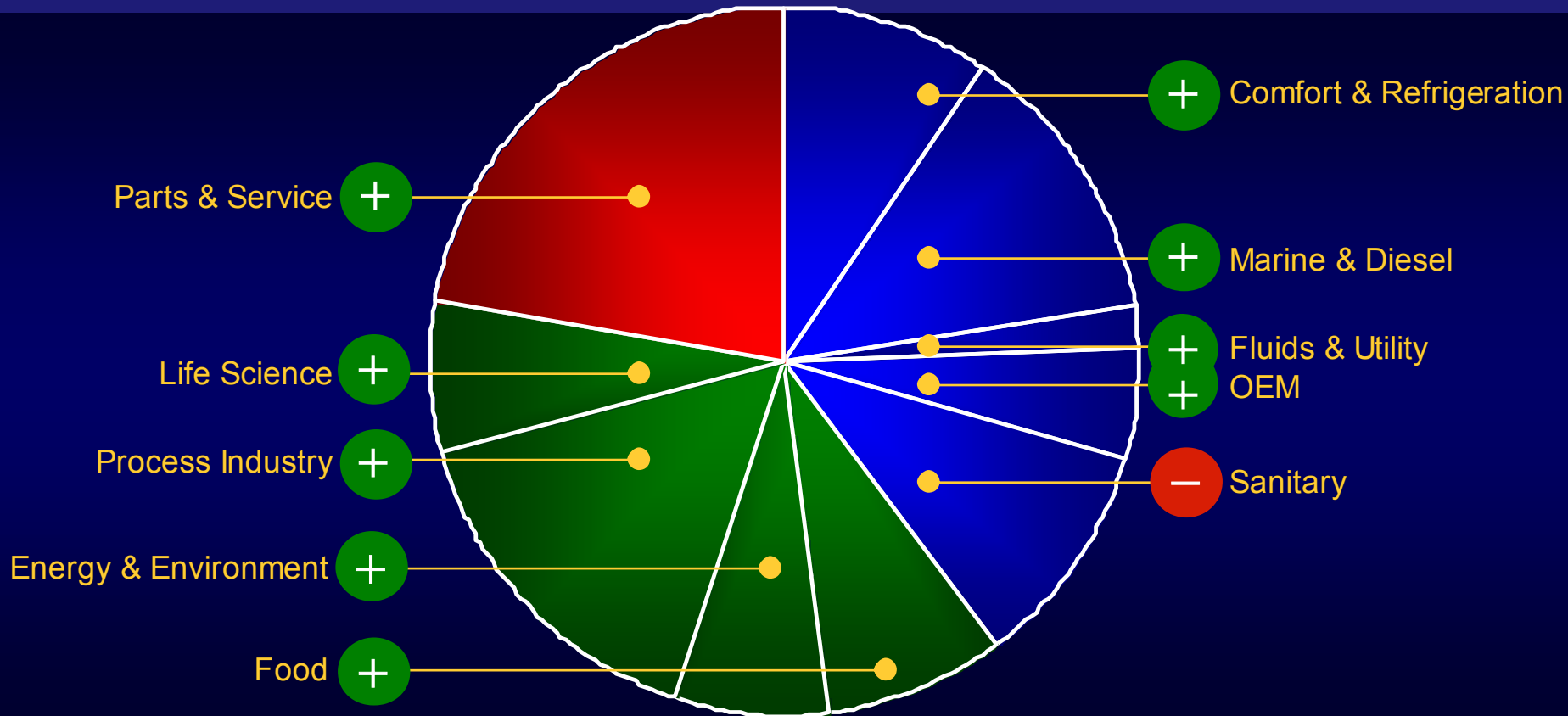
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Orders received by Segment

October – December 2005, at constant rates



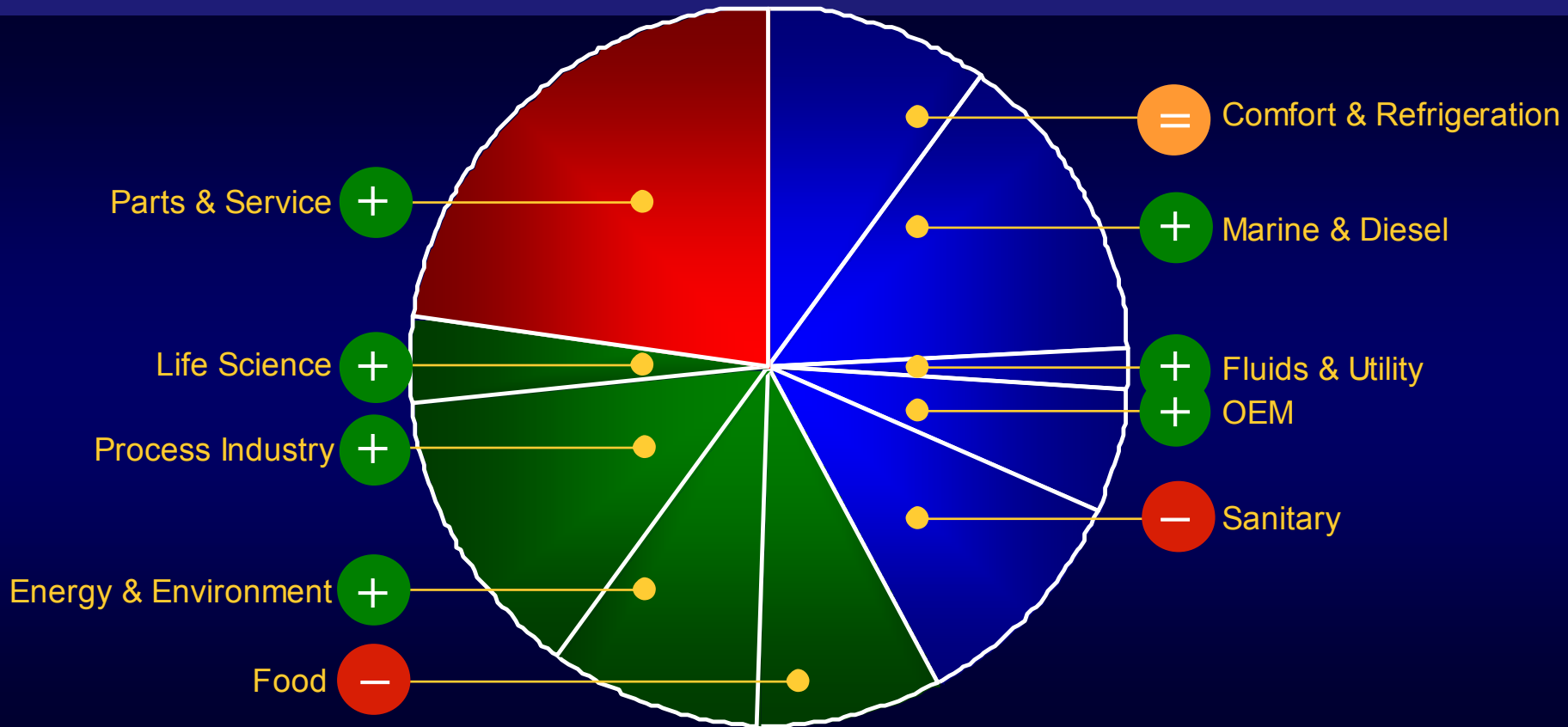
Process Industry



- * High activity in the Middle East.
- * T50 - new high capacity heat exchanger successful in central cooling applications.
- * Investments in Refinery and Aromatics in Asia generates strong demand for Packinox products.
- * Many bio diesel and fuel ethanol projects. Requires plate heat exchangers, high speed separators and decanters.

Orders received by Segment

January – December 2005, at constant rates



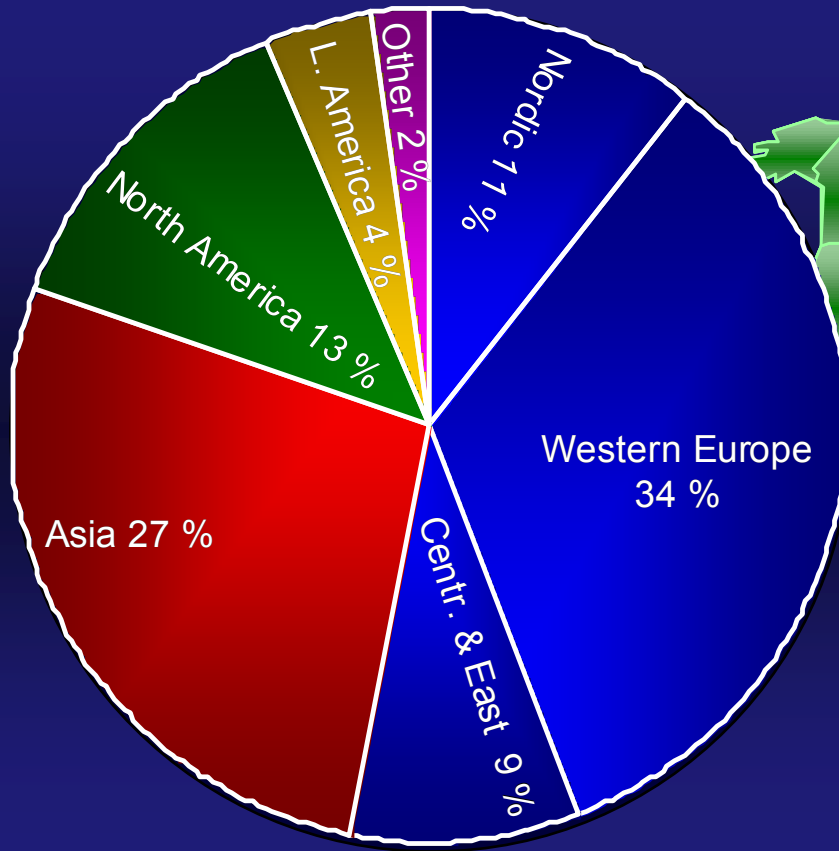
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Orders received by Region

October – December 2005, at constant rates



Highlights Americas

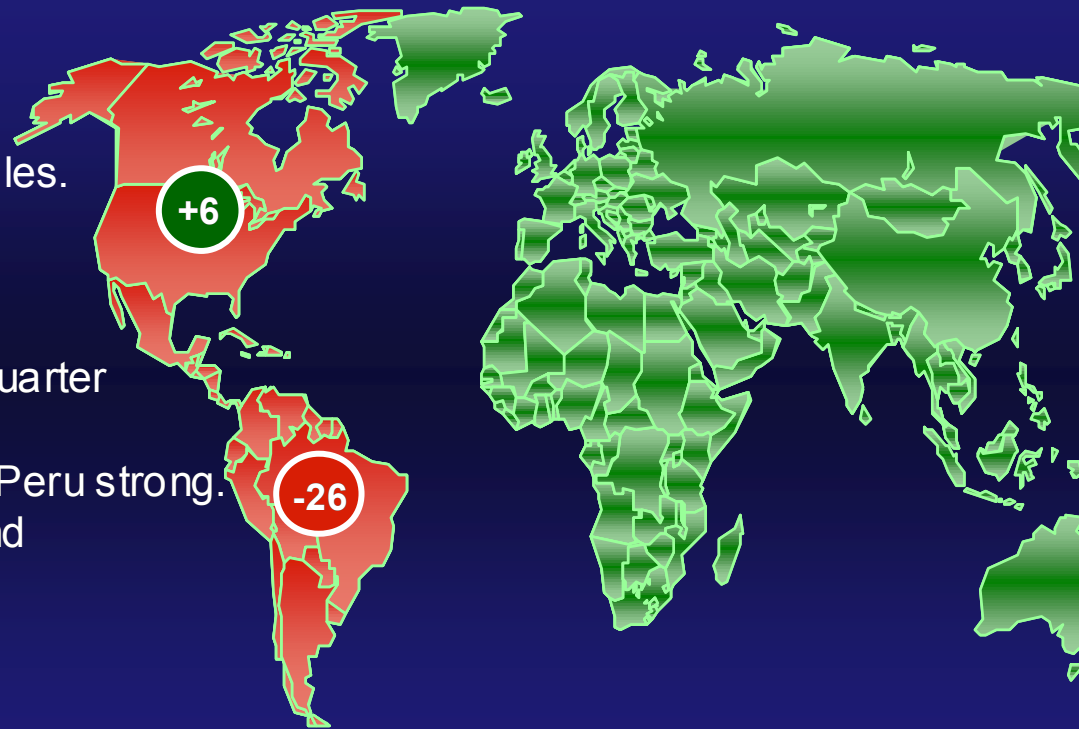
October – December 2005, at constant rates

North America

- Good development of base sales.
- High activity in fuel ethanol.

Latin America

- Fewer large contracts in the quarter compared with Q4 2004.
- Food in Argentina, Brazil and Peru strong.
- Process Industry in Mexico and Chile strong.



Highlights Europe

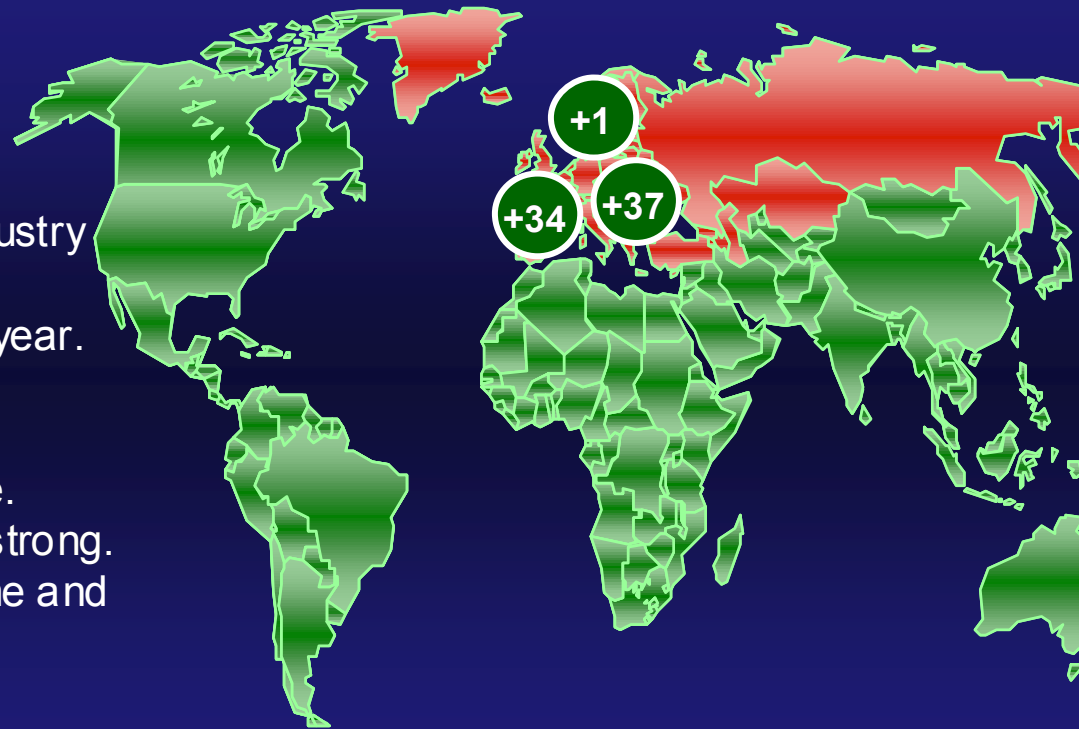
October – December 2005, at constant rates

Western Europe incl. Nordic

- Best performance from Parts & Service, Process Industry and Oil & Gas.
- Most sub-regions above last year.

Central and Eastern Europe

- Very good investment climate.
- Russia, Ukraine and Poland strong.
- Energy & Environment, Marine and Parts & Service strong.

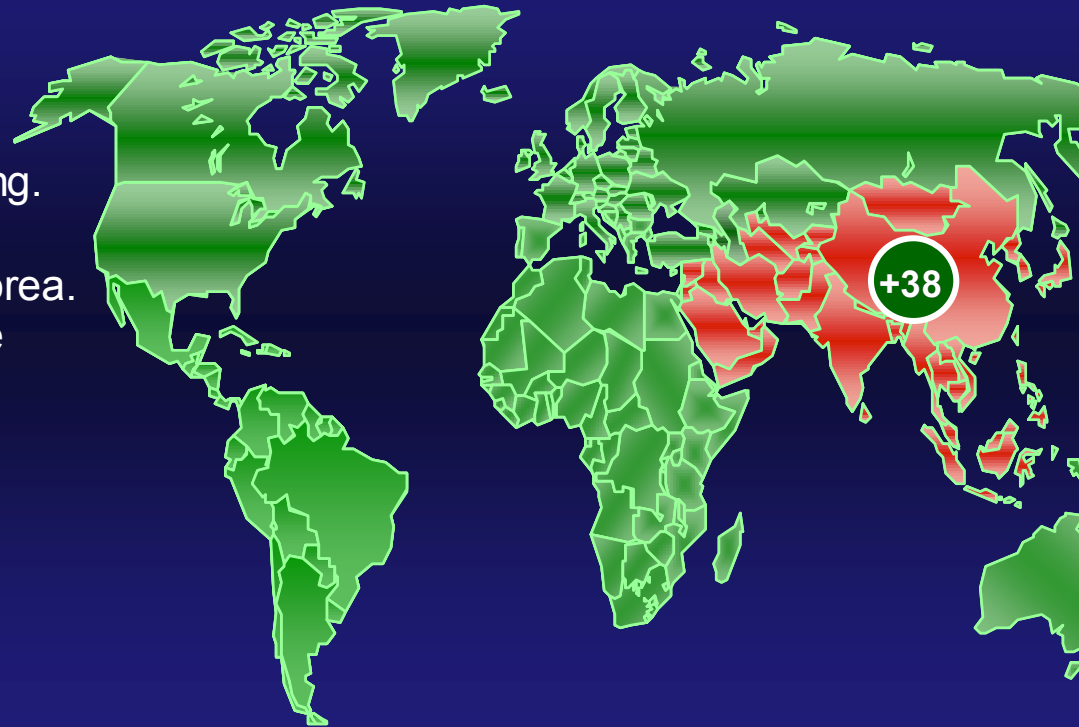


Highlights Asia

October – December 2005, at constant rates

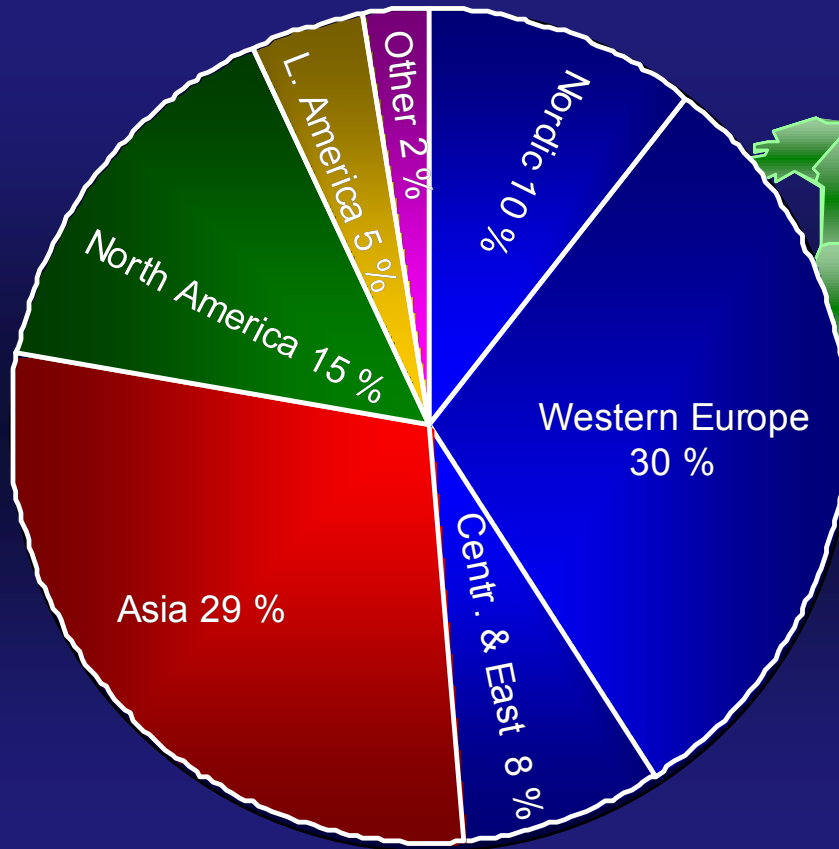
Asia

- China and Japan remain strong.
- Early signs of slowdown in shipbuilding, particularly in Korea.
- The strong investment climate in the Middle East continues.



Orders received by Region

January – December 2005, at constant rates



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Mr. Thomas Thuresson
CFO
Alfa Laval Group

Highlights

SEK million

Oct – Dec 05

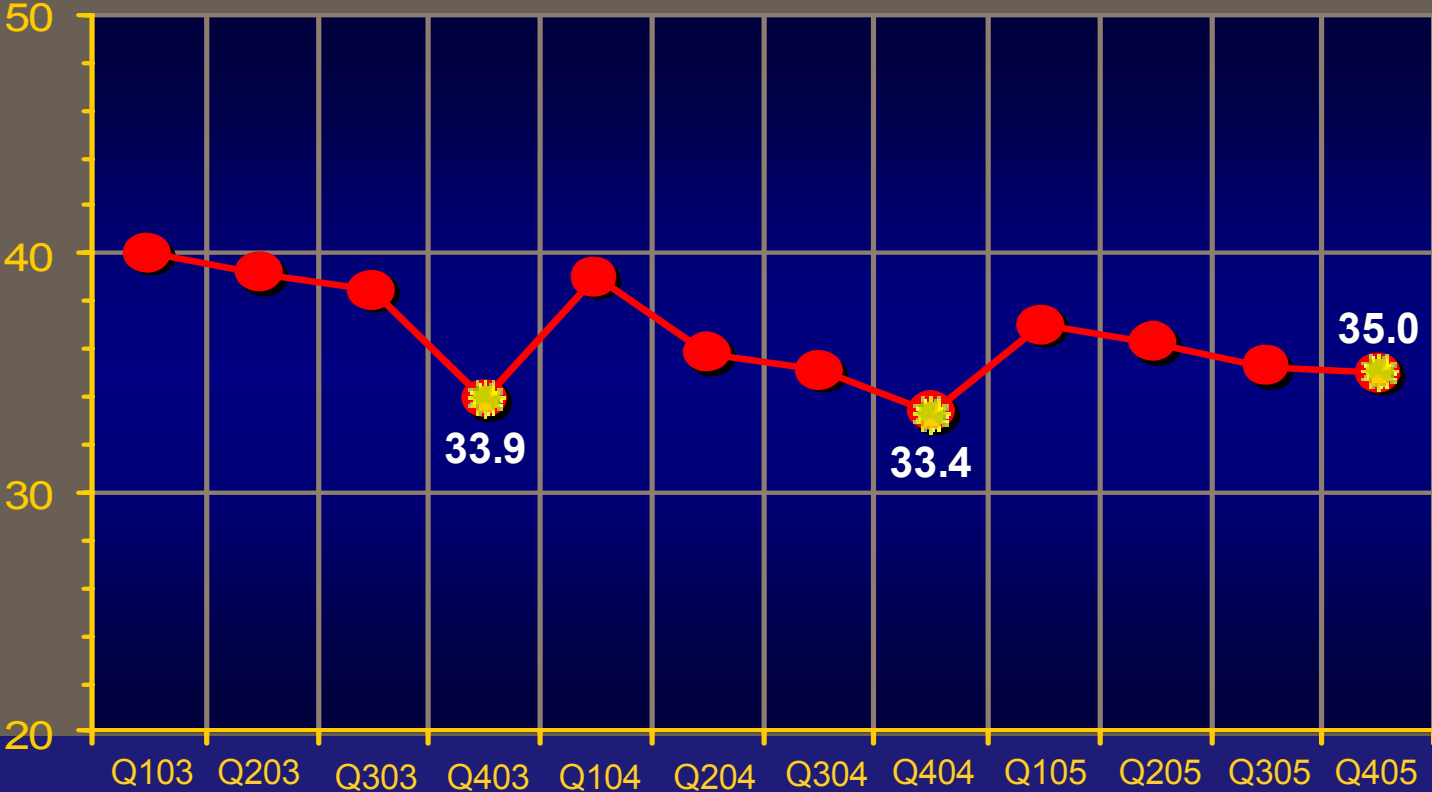
Order intake	5,020
Net sales	4,684
Adjusted EBITA	535
Adjusted EBITA-margin	11.4 %

Adjusted EBITA

SEK million	Q4	FY
2004	466	1,695
2005	535	1,766
Deviation	69	71
FX. translation	+ 34	+ 35
FX. transaction	- 55	-168
Deviation excl FX	90	204

Gross profit margin

In percent of sales



Highlights

SEK million

Oct – Dec 05

Order intake	5,020
Net sales	4,684
Adjusted EBITA	535
Adjusted EBITA-margin	11.4 %
Profit before tax	276

includes cost for redemption of high-yield bond

SEK 89 million

Taxes

SEK million	Jan - Dec 2005	
Profit after financial items, SEK million 1,099		
- taxes, 32% average	- 352	
Major adjustment items		
- loss carry forwards	}	+ 174
- deferred tax assets		
- loss countries etc.		
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Taxes according to P&L	171	
- in % of PBT	15.6	

Note: Average tax rate going forward 32%

Earnings per share

	Q4		Jan - Dec	
	2005	2004*	2005	2004*
Earnings	2.73	1.89	7.92	7.12
Earnings, excluding step-up	3.31	2.08	9.83	8.67

*IFRS

Highlights

SEK million

Oct – Dec 05

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Adjusted EBITA	535
Adjusted EBITA-margin	11.4 %
Profit before tax	276
<i>includes cost for redemption of high-yield bond SEK 89 million</i>	
Cash flow from operating activities	838
ROCE	22.7 %
<i>Excl. step-up and goodwill approx. 57.3%</i>	

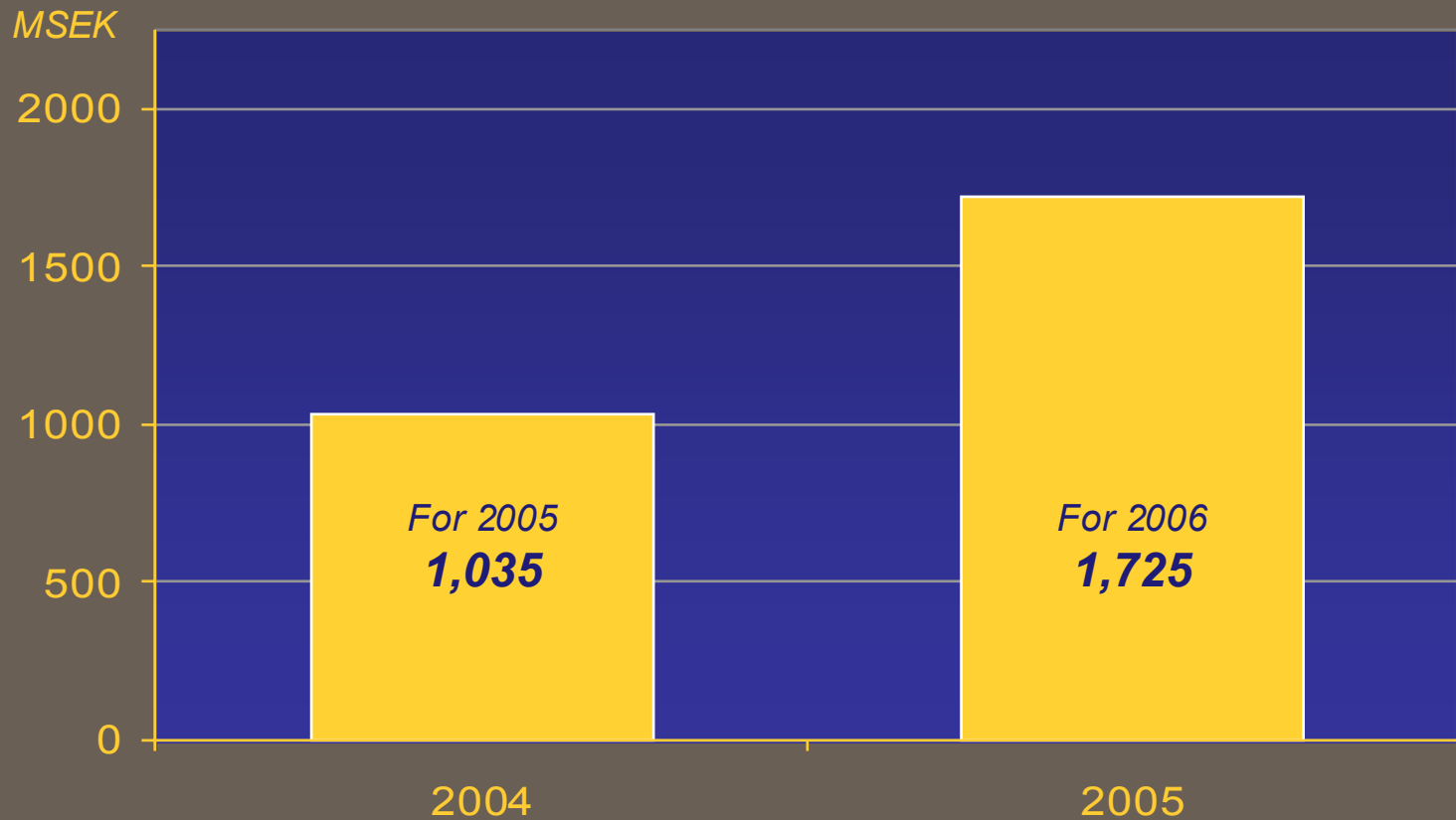
Cash-flow statement

SEK million	Q4		Jan - Dec	
	2005	2004	2005	2004
Cash flows from				
- operating activities	838	268	1,616	1,203
- investing activities	- 93	- 146	-665	36
Financial net paid	- 174	- 80	-351	-201
Dividends	-	-	-557	-447
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Total	570	42	43	591
Pro Forma Free-cash-flow*	544	16	942	614
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**Incl. operating activities, capital expenditure (excl. product rights), provisions and financial net paid.*

Order backlog as per December 31, 2005

Contracts above EUR 0.5 million



Foreign exchange

Forecasted impact on adjusted EBITA from Fx. fluctuations

SEK million	H1 2005	H2 2005	WY 2005	H1 2006	H2 2006	WY 2006
Translation effect	- 7	+ 42	+ 35	0	0	0
Transaction effect	- 74	- 94	- 168	- 4	+ 45	+ 41
Total	- 81	- 52	- 133	- 4	+ 45	+ 41

2006 impact based on EUR/USD 1.20 and EUR/SEK 9.20

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Outlook for the near future

“In most of the markets, geographical as well as customer segments, that Alfa Laval serves a continued very strong demand is expected.”

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