



Alfa Laval AB (publ)

Interim report January 1 – March 31, 2006

"The order intake during the quarter increased with 37 percent. Both Eastern and Western Europe showed very strong growth. The improvement in Western Europe started during the end of last year.

Our focus on profitability in combination with positive currency effects and high capacity utilization delivered a substantial improvement in the operating margin."

Lars Renström, President and CEO, Alfa Laval

Summary of the first quarter 2006:

- Order intake increased to SEK 5,481 (4,004) million, meaning an increase by 27.9 percent excluding exchange rate variations.
- Net sales increased to SEK 4,076 (3,268) million, meaning an increase by 16.2 percent excluding exchange rate variations.
- Adjusted EBITA increased to SEK 525 (330) million, including positive foreign exchange effects of SEK 30 million.
- Adjusted EBITA-margin increased to 12.9 (10.1) percent.
- Result after financial items increased to SEK 426 (76) million.
- Result after tax increased to SEK 333 (64) million.
- Earnings per share increased to SEK 2.90 (0.49).
- Cash flow from operating activities increased to SEK 392 (17) million.
- The Tranter acquisition is included in the financial statements of the Alfa Laval Group as of March 1, 2006.

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."

(The outlook for the near future has not been changed compared to the outlook in the fourth quarter and full year 2005 report issued on February 9, 2006.)

The interim report has been issued on April 27, 2006 by the President and Chief Executive Officer Lars Renström by proxy.

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

SEK millions, unless otherwise stated	Jan 1 - Mar 31 2006	Jan 1 - Mar 31 2005	2005	2004	2003 *
Order intake	5,481	4,004	18,516	15,740	14,145
Net sales	4,076	3,268	16,330	14,986	13,909
Adjusted EBITDA 1)	588	392	2,030	1,956	1,920
Adjusted EBITA 2)	525	330	1,766	1,695	1,627
Adjusted EBITA 2)- margin	12.9%	10.1%	10.8%	11.3%	11.7%
Result after financial items	426	76	1,099	1,262	817
Return on capital employed 3)	24.5%	21.0%	22.7%	23.7%	21.3%
Return on equity capital 3)	21.0%	14.2%	16.0%	15.9%	13.2%
Solidity	34.6%	35.3%	35.9%	37.4%	33.3%
Debt ratio, times	0.45	0.45	0.35	0.36	0.49
Cash flow from operations	392	17	1,617	1,203	1,704
Investments	64	58	324	388	259
No. of employees 4)	9,821	9,605	9,429	9,527	9,358

*) Not according to IFRS, i.e. including goodwill amortisation.

- 1) Adjusted EBITDA – "Earnings before interests, taxes, depreciation, amortisation of step up values and comparison distortion items."
- 2) Adjusted EBITA – "Earnings before interests, taxes, amortisation of 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, 2006,

Lars Renström
President and Chief Executive Officer
Alfa Laval AB (publ)

Management's discussion and analysis

Orders received

Orders received amounted to SEK 5,481.4 (4,004.4) million for the first quarter. Excluding exchange rate variations, the order intake for the Group was 27.9 percent higher than the first quarter last year. Excluding the acquisition of Tranter, the corresponding figure is 25.8 percent.

Orders received from the after market "Parts & Service" has continued to develop positively and increased by 17.7 percent compared to the corresponding period last year excluding exchange rate variations. Its relative share of the Group's total orders received was 22.4 (24.1) percent.

Order backlog

The order backlog at March 31, 2006 was 9,833.4 (5,837.0) million. Excluding exchange rate variations, the order backlog was 56.3 percent higher than the order backlog at March 31, 2005 and 27.0 percent higher than the order backlog at the end of 2005. Excluding the acquisition of Tranter, the corresponding figures are 45.7 percent and 18.4 percent.

Net sales

Net sales amounted to SEK 4,075.8 (3,267.6) million for the first quarter. Excluding exchange rate variations, the invoicing was 16.2 percent higher than the first quarter last year. Excluding the acquisition of Tranter, the corresponding figure is 13.3 percent.

Income statement analysis

SEK millions	Jan 1 - Mar 31 2006	Jan 1 - Mar 31 2005	Jan 1 - Dec 31 2005	Jan 1 - Dec 31 2004
Net sales	4,075.8	3,267.6	16,330.4	14,985.8
Adjusted gross profit	1,585.2	1,207.8	5,845.2	5,342.2
- in % of net sales	38.9	37.0	35.8	35.6
Expenses *	-997.1	-815.9	-3,815.2	-3,386.2
- in % of net sales	24.5	25.0	23.4	22.6
Adjusted EBITDA	588.1	391.9	2,030.0	1,956.0
- in % of net sales	14.4	12.0	12.4	13.1
Depreciation	-62.9	-61.9	-264.3	-260.9
Adjusted EBITA	525.2	330.0	1,765.7	1,695.1
- in % of net sales	12.9	10.1	10.8	11.3
Amortisation of step up values	-82.2	-71.8	-315.2	-293.4
Comparison distortion items	1.1	-125.0	-73.3	36.7
EBIT	444.1	133.2	1,377.2	1,438.4

* Excluding comparison distortion items

The first three months generated a gross profit of SEK 1,503.0 (1,136.0) million. Excluding the amortisation of SEK 82.2 (71.8) million on step up values, the adjusted

gross profit is SEK 1,585.2 (1,207.8) million. This corresponds to 38.9 (37.0) percent of net sales.

Sales and administration expenses amounted to SEK 858.7 (752.2) million. Excluding exchange rate variations and the acquisition of Tranter, sales and administration expenses were 3.5 percent higher than the corresponding period last year.

The costs for research and development has amounted to SEK 114.8 (100.4) million, corresponding to 2.8 (3.1) percent of net sales. Excluding exchange rate variations and the acquisition of Tranter, the costs for research and development increased by 11.9 percent compared to last year.

Adjusted EBITDA amounted to SEK 588.1 (391.9) million for the first quarter. The adjusted EBITA amounted to SEK 525.2 (330.0) million. The adjusted EBITA margin was 12.9 (10.1) percent. The adjusted result after tax and the minority's share of the result, excluding amortisation of step-up values and the corresponding tax, is SEK 3.40 (0.93) per share.

The result has been affected by comparison distortion items of SEK 1.1 (-125.0) million. In the income statement these are reported gross as a part of other operating income and other operating costs, see specification on page 11. During the first quarter 2006 two minor properties in France have been sold for SEK 2.8 million with a realised gain of SEK 1.1 million. 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 were charged to the income statement.

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 - Mar 31 2006	Jan 1 - Mar 31 2005	Jan 1 - Dec 31 2005	Jan 1 - Dec 31 2004
Orders received	2,709.3	2,139.0	9,902.4	8,862.3
Order backlog *	4,598.6	2,317.6	3,382.5	2,097.3
Net sales	2,285.7	1,880.6	8,631.5	8,250.4
Operating income	368.5	221.3	1,162.5	1,100.4

* At the end of the period.

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

Orders received increased by 19.2 percent and net sales increased by 14.6 percent during the first quarter 2006 compared to the corresponding period last year. Excluding the acquisition of Tranter, the corresponding figures are 15.8 percent and 10.1 percent.

All segments in the Equipment division have developed positively. The most significant growth is found within the OEM segment followed by the Fluids & Utility Equipment segment.

Operating income (excluding comparison distortion items)

The increase in operating income during the first quarter 2006 compared to the corresponding period 2005 is mainly explained by a higher gross profit, partly offset by increased R&D costs.

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 2006	Jan 1- Mar 31 2005	Jan 1- Dec 31 2005	Jan 1- Dec 31 2004
Orders received	2,768.1	1,861.4	8,572.8	6,818.0
Order backlog *	5,207.0	3,498.6	4,072.9	2,640.6
Net sales	1,773.7	1,380.1	7,672.8	6,683.3
Operating income	173.8	85.3	698.8	634.3

* At the end of the period.

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

Orders received increased by 37.9 percent and net sales increased by 17.8 percent during the first quarter 2006 compared to the corresponding period last year. Excluding the acquisition of Tranter, the corresponding figures are 37.4 percent and 17.2 percent.

All segments in the Process Technology division have reported an increase in orders received compared to the first quarter 2005. The growth has been largest within the Process Industry segment followed by the Food Technology and Life Science segments.

Operating income (excluding comparison distortion items)

The increase in operating income during the first quarter 2006 compared to the corresponding period 2005 is foremost due to a higher gross profit.

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 2006	Jan 1- Mar 31 2005	Jan 1- Dec 31 2005	Jan 1- Dec 31 2004
Orders received	4.0	4.0	41.1	59.7
Order backlog *	27.8	20.8	41.5	25.5
Net sales	16.4	6.9	26.1	52.1
Operating income	-99.3	-48.4	-410.8	-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 2006 orders received increased most in Central and Eastern Europe followed by Western Europe, North America, Asia and the Nordic countries, while Latin America reported decreased orders received compared to the corresponding period last year

Order received				
Consolidated	Jan 1 - Mar 31 2006	Jan 1 - Mar 31 2005	Jan 1 - Dec 31 2005	Jan 1 - Dec 31 2004
SEK millions				
Customers in				
Sweden	224.7	190.4	846.3	884.0
Other EU	1,795.0	1,317.8	6,516.4	5,804.4
Other Europe	606.1	323.4	1,555.4	1,280.7
USA	767.1	575.9	2,354.3	2,136.5
Other North America	224.7	146.8	467.1	334.1
Latin America	223.2	189.2	832.9	689.8
Africa	70.3	53.4	259.2	167.9
Asia	1,493.2	1,139.8	5,388.1	4,164.5
Oceania	77.1	67.7	296.6	278.1
Total	5,481.4	4,004.4	18,516.3	15,740.0

Net sales

During the first quarter 2006 net sales increased most in North America followed by the Nordic countries, Asia and Western Europe compared to the corresponding period last year.

Net sales				
Consolidated	Jan 1 - Mar 31 2006	Jan 1 - Mar 31 2005	Jan 1 - Dec 31 2005	Jan 1 - Dec 31 2004
SEK millions				
Customers in				
Sweden	204.0	182.3	842.4	887.6
Other EU	1,374.0	1,195.5	5,664.3	5,706.5
Other Europe	355.4	274.1	1,428.1	1,196.5
USA	689.5	506.0	2,327.9	2,197.4
Other North America	142.8	69.1	436.8	296.2
Latin America	225.3	166.9	798.5	583.9
Africa	30.0	23.6	223.6	177.3
Asia	998.4	803.9	4,336.6	3,619.9
Oceania	56.4	46.2	272.2	320.5
Total	4,075.8	3,267.6	16,330.4	14,985.8

Consolidated financial result and net income

The financial net has amounted to SEK -27.4 (-52.2) 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 -22.0 (-8.8) million, interest on a bridge loan of SEK -3.1 (-) million, interest on the senior notes of SEK - (-31.2) million and a net of dividends and other interest income and interest costs of SEK -2.3 (-12.2) million. The increase in interests to the banking syndicate between 2006 and 2005 is due to the redemption of the senior notes in November 2005, which was financed via a designated tranche of the syndicated loan. The bridge loan has been raised in anticipation of the private placement that will finance the acquisition of Tranter.

The net of realised and unrealised exchange rate differences amounts to SEK 9.4 (-5,2) million in the first quarter.

The result after financial items was SEK 426.1 (75.8) million.

Income taxes were SEK -93.4 (-11.6) million. The difference between the years is mainly due to the difference in result, but also to the valuation of loss carry forwards.

The parent company's result after financial items was SEK -5.0 (-1.5) million, out of which net interests were SEK -3.0 (-0.1) million, realised and unrealised exchange rate gains and losses SEK -0.1 (0.1) million, costs related to the listing SEK -0.2 (-0.2) million, fees to the Board SEK - (-) million, cost for annual report and annual general meeting SEK -1.0 (-0.6) million and other administration costs the remaining SEK -0.7 (-0.7) million.

Asbestos-related lawsuits in the United States

Alfa Laval's subsidiary in the United States, Alfa Laval Inc., was as of March 31, 2006, named as co-defendant in a total of 177 asbestos-related lawsuits with a total of approximately 3,000 plaintiffs.

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

During the first quarter 2006, Alfa Laval Inc. was named as co-defendant in an additional 23 lawsuits with a total of 113 plaintiffs. During the first quarter 2006, 8 lawsuits involving 8 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 -892.9 (-466.6) million during the first quarter. Out of this, acquisitions of businesses were SEK -1,223.5 (-425.3) million whereas divestments generated cash of SEK 2.8 (-) million. The cash flow from operations has primarily been influenced by higher operating income and reduced tax payments in comparison with last year.

Working capital increased by SEK 108.8 (68.4) million during the first quarter.

Investments in property, plant and equipment amounted to SEK 64.4 (57.8) million during the first quarter. Depreciations, excluding allocated step up values, amounted to SEK 62.9 (61.9) million during the period.

Cash and bank

The Group's cash and bank amounted to SEK 590.4 (600.1) 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 2006	March 31 2005	December 31 2005	December 31 2004
Credit institutions	2,798.0	2,166.5	2,801.6	1,502.1
Senior notes	-	1,060.6	-	1,044.4
Bridge loan	773.5	-	-	-
Capitalised financial leases	28.2	3.8	29.4	4.2
Interest-bearing pension liabilities	2.9	4.8	2.9	4.8
Total debt	3,602.6	3,235.7	2,833.9	2,555.5
Cash, bank and current deposits	-805.1	-770.6	-821.2	-672.0
Net debt	2,797.5	2,465.1	2,012.7	1,883.5

Cash, bank and current deposits include bank and other deposits in the publicly listed subsidiary Alfa Laval (India) Ltd of about SEK 123.0 (113.0) million. The company is not a wholly owned subsidiary of the Alfa Laval Group. It is owned to 64.1 percent.

On April 12, 2005 Alfa Laval signed a new senior credit facility with a banking syndicate of EUR 268 million and USD 348 million, corresponding to SEK 5,205.1 million. The credit facility replaced the previous syndicated loan and has in addition been used for the redemption of the Group's senior notes. The new facility provides increased flexibility, extended maturity and reduced costs. At March 31, 2006, SEK 2,454.7 million of the facility were utilised. The maturity of the facility is five years.

Alfa Laval has made a private placement in the US. The offer was over-subscribed and was closed at USD 110 million with a maturity of 10 years and an interest based on US Treasury bills plus a mark-up of 95 basis points. The loan will be raised on April 27, 2006. In anticipation of this a bridge loan of USD 100 million was raised from HSBC on March 1, 2006 in connection with the payment of the purchase price for Tranter.

Alfa Laval redeemed the outstanding senior notes on November 15, 2005. As a consequence Alfa Laval has been de-registered with the SEC in the US.

Ownership and legal structure

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

The company had 10,236 (11,659) shareholders on March 31, 2006. The largest owner is Tetra Laval B.V., the Netherlands who owns 17.7 (17.7) percent. Next to the largest owner there are nine institutional investors with ownership in the range of 10.1 to 1.4 percent. The ten largest owners own 54.3 (47.1) percent of the shares.

Acquisitions and disposals

In a press release on September 23, 2005, Alfa Laval announced that the company had signed an agreement to acquire Tranter PHE from the U.S. company, Dover Corporation. The company had a turnover in 2005 of SEK 862.8 million (USD 115.9 million) and has approximately 450 employees globally in R&D, manufacturing and sales. The closing of the transaction was subject to clearance from regulatory authorities. In a press release on March 6, 2006 Alfa Laval communicated that the acquisition had been approved by the regulatory authorities and thereby been finalised. The purchase price was USD 150.8 million in cash. The acquisition will be financed through a bilateral bank loan of approximately EUR 15-25 million and a US private placement of USD 110 million.

Tranter is consolidated into the Alfa Laval Group as of March 1, 2006. The impact of the acquisition on the income statement and the cash flow statement is thus only for one month of operation. Tranter is reported as an integrated part of the Equipment and Process Technology divisions, but is acting as an independent sales channel.

During the first quarter 2006 Alfa Laval has acquired the fruit preparation activity from Tetra Pak for SEK 10.2 million. The operation has less than 10 employees and a turnover of about SEK 45 million per annum.

Accounting principles

The first quarter interim report 2006 is in accordance with RR 31 Consolidated Interim Reports, which requires that IAS 34 Interim Financial Reporting and the Swedish Annual Report's Act must be applied. The accounting principles are according to IFRS (International Financial Reporting Standards). This means that the same accounting principles and accounting estimates have been applied in the first quarter interim report 2006 as for the annual report for 2005.

Comparison figures for 2004 are recalculated to IFRS. Where comparison figures for 2003 are recalculated to IFRS this is indicated with "Proforma". Comparison figures are not needed for IAS 39 and are consequently not given.

Proposed disposition of earnings

The Board of Directors have proposed a dividend for 2005 of SEK 5.10 (4.75) per share corresponding to SEK 569.5 (530.4) million and that the remaining income available for distribution in Alfa Laval AB (publ) of SEK 1,259.3 (277.1) million be carried forward.

Date for the next financial reports during 2006

Alfa Laval will publish interim reports during 2006 at the following dates:

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

Events after the balance sheet date

The balance sheets and the income statements for 2005 will be adopted at the Annual General Meeting of shareholders on April 27, 2006.

CONSOLIDATED CASH-FLOW STATEMENTS

Amounts in SEK millions	Jan 1 - Mar 31 2006	Jan 1 - Mar 31 2005	Jan 1 - Dec 31 2005	Jan 1 - Dec 31 2004
Cash flow from operating activities				
Operating income	444.1	133.2	1,377.2	1,438.4
Adjustment for depreciation	145.1	133.7	579.5	554.3
Adjustment for other non-cash items	-11.0	-1.8	-44.1	15.4
	<u>578.2</u>	<u>265.1</u>	<u>1,912.6</u>	<u>2,008.1</u>
Taxes paid	-77.2	-180.2	-429.2	-335.6
	<u>501.0</u>	<u>84.9</u>	<u>1,483.4</u>	<u>1,672.5</u>
Changes in working capital:				
(Increase)/decrease of current receivables	-128.1	273.8	49.0	-389.4
(Increase)/decrease of inventories	-142.0	-334.5	-282.1	-297.0
Increase/(decrease) of liabilities	71.8	-40.5	482.6	131.9
Increase/(decrease) of provisions	89.5	32.8	-116.4	85.3
	<u>-108.8</u>	<u>-68.4</u>	<u>133.1</u>	<u>-469.2</u>
Cash flow from operating activities	<u>392.2</u>	<u>16.5</u>	<u>1,616.5</u>	<u>1,203.3</u>
Cash flow from investing activities				
Investments in fixed assets	-64.4	-57.8	-323.7	-387.5
Divestment of fixed assets	2.8	-	163.8	361.5
Additional purchase price	-	-	-	-9.4
Acquisition of businesses	-1,223.5	-425.3	-504.7	-
Reduction of purchase price	-	-	-	61.2
Divestment of businesses	-	-	-	10.0
Cash flow from investing activities	<u>-1,285.1</u>	<u>-483.1</u>	<u>-664.6</u>	<u>35.8</u>
Cash flow from financing activities				
Financial net, paid	10.8	1.8	-351.3	-201.4
Dividends to owners of parent company	-	-	-530.4	-446.7
Dividends to minority owners in subsidiary	-	-	-26.3	-
(Increase)/decrease of other financial assets	123.7	37.3	-31.0	472.4
Capitalised financing costs, acquisition loans	-	-	-4.4	-7.3
Increase/(decrease) of liabilities to credit institutions	872.7	581.9	-29.3	-1,170.2
Cash flow from financing activities	<u>1,007.2</u>	<u>621.0</u>	<u>-972.7</u>	<u>-1,353.2</u>
Net increase (decrease) in cash and bank	114.3	154.4	-20.8	-114.1
Cash and bank at the beginning of the year	478.8	414.8	414.8	554.6
Translation difference in cash and bank	-2.7	30.9	84.8	-25.7
Cash and bank at the end of the period	<u>590.4</u>	<u>600.1</u>	<u>478.8</u>	<u>414.8</u>
Free cash flow per share (SEK) *	-8.00	-4.18	8.52	11.10
Average number of shares	111,671,993	111,671,993	111,671,993	111,671,993

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

CONSOLIDATED INCOME STATEMENT

	Jan 1 - Mar 31 2006	Jan 1 - Mar 31 2005	Jan 1 - Dec 31 2005	Jan 1 - Dec 31 2004
Amounts in SEK millions				
Net sales	4,075.8	3,267.6	16,330.4	14,985.8
Cost of goods sold	-2,572.8	-2,131.6	-10,800.4	-9,937.0
Gross profit	1,503.0	1,136.0	5,530.0	5,048.8
Sales costs	-612.2	-545.2	-2,365.3	-2,132.4
Administration costs	-246.5	-207.0	-993.7	-929.5
Research and development costs	-114.8	-100.4	-447.8	-403.9
Other operating income *	58.1	33.7	323.8	325.2
Other operating costs *	-143.5	-183.9	-669.8	-469.8
Operating income	444.1	133.2	1,377.2	1,438.4
Dividends	1.0	0.8	4.9	3.1
Interest income	49.0	55.1	173.6	166.4
Interest expense *	-68.0	-113.3	-456.7	-346.3
Result after financial items	426.1	75.8	1,099.0	1,261.6
Taxes	-93.4	-11.6	-171.0	-421.5
Net income for the year	332.7	64.2	928.0	840.1

Attributable to:

Equity holders of the parent	323.5	54.5	884.8	794.7
Minority interests	9.2	9.7	43.2	45.4

Earnings per share (SEK)	2.90	0.49	7.92	7.12
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Average number of shares	111,671,993	111,671,993	111,671,993	111,671,993
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* The line has been affected by comparison distortion items, see separate specification below.

Comparison distortion items

	Jan 1 - Mar 31 2006	Jan 1 - Mar 31 2005	Jan 1 - Dec 31 2005	Jan 1 - Dec 31 2004
Amounts in SEK millions				
Operational				
Other operating income	57.0	33.7	272.1	271.3
Comparison distortion income	1.1	-	51.7	53.9
Total other operating income	58.1	33.7	323.8	325.2
Other operating costs	-143.5	-58.9	-544.8	-452.6
Comparison distortion costs	-	-125.0	-125.0	-17.2
Total other operating costs	-143.5	-183.9	-669.8	-469.8
Financial				
Interest expense	-68.0	-113.3	-368.2	-346.3
Comparison distortion costs	-	-	-88.5	-
Total interest expense	-68.0	-113.3	-456.7	-346.3

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

Income statement analysis *

SEK millions	2006	2005				2004				Proforma
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2003 Q4
Net sales	4,075.8	4,683.8	4,277.4	4,101.6	3,267.6	4,166.1	3,837.5	3,798.3	3,183.9	4,086.3
Adjusted gross profit	1,585.2	1,641.2	1,508.9	1,487.3	1,207.8	1,392.4	1,348.7	1,357.9	1,243.2	1,385.0
- in % of net sales	38.9	35.0	35.3	36.3	37.0	33.4	35.1	35.8	39.0	33.9
Expenses **	-997.1	-1,028.0	-967.0	-1,004.3	-815.9	-856.4	-863.5	-874.3	-792.0	-846.5
- in % of net sales	24.5	21.9	22.6	24.5	25.0	20.6	22.5	23.0	24.9	20.7
Adjusted EBITDA	588.1	613.2	541.9	483.0	391.9	536.0	485.2	483.6	451.2	538.5
- in % of net sales	14.4	13.1	12.7	11.8	12.0	12.9	12.6	12.7	14.2	13.2
Depreciation	-62.9	-78.7	-62.7	-61.0	-61.9	-70.0	-58.8	-63.6	-68.5	-75.5
Adjusted EBITA	525.2	534.5	479.2	422.0	330.0	466.0	426.4	420.0	382.7	463.0
- in % of net sales	12.9	11.4	11.2	10.3	10.1	11.2	11.1	11.1	12.0	11.3
Amortisation of step up values	-82.2	-95.2	-74.6	-73.6	-71.8	-71.4	-72.8	-74.5	-74.7	-74.4
Comparison distortion items	1.1	4.3	47.4	-	-125.0	2.7	47.5	-	-13.5	2.0
EBIT	444.1	443.6	452.0	348.4	133.2	397.3	401.1	345.5	294.5	390.6

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

CONSOLIDATED BALANCE SHEET

Amounts in SEK millions	Mar 31 2006	Mar 31 2005	Dec 31 2005
ASSETS			
Non-current assets			
Intangible assets	5,587.3	4,420.9	4,598.1
Property, plant and equipment	2,552.9	2,520.4	2,552.8
Other non-current assets	702.1	694.9	676.5
	<u>8,842.3</u>	<u>7,636.2</u>	<u>7,827.4</u>
Current assets			
Inventories	3,404.5	2,986.5	3,090.7
Accounts receivable	3,446.5	2,715.9	2,991.6
Other receivables	1,299.7	1,213.0	1,419.9
Derivative assets	55.8	57.7	55.6
Other current deposits	214.7	170.5	342.4
Cash and bank	590.4	600.1	478.8
	<u>9,011.6</u>	<u>7,743.7</u>	<u>8,379.0</u>
TOTAL ASSETS	<u>17,853.9</u>	<u>15,379.9</u>	<u>16,206.4</u>
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity			
Shareholders' equity	6,006.0	5,298.0	5,679.7
Minority interest	165.6	136.8	131.7
	<u>6,171.6</u>	<u>5,434.8</u>	<u>5,811.4</u>
Non-current liabilities			
Liabilities to credit institutions	2,493.6	1,838.8	2,701.8
Senior notes	-	1,060.6	-
Provisions for pensions and similar commitments	938.7	806.5	902.8
Provision for deferred tax	906.6	777.6	766.8
Other provisions	359.8	347.1	307.1
	<u>4,698.7</u>	<u>4,830.6</u>	<u>4,678.5</u>
Current liabilities			
Liabilities to credit institutions	304.4	327.7	99.8
Bridge loan	773.5	-	-
Accounts payable	1,566.7	1,324.0	1,560.7
Advances from customers	1,173.2	793.3	969.7
Other provisions	694.0	694.1	650.3
Other liabilities	2,358.1	1,893.9	2,256.3
Derivative liabilities	113.7	81.5	179.7
	<u>6,983.6</u>	<u>5,114.5</u>	<u>5,716.5</u>
Total liabilities	11,682.3	9,945.1	10,395.0
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES	<u>17,853.9</u>	<u>15,379.9</u>	<u>16,206.4</u>

CHANGES IN CONSOLIDATED EQUITY

Amounts in SEK millions	Jan 1 - Mar 31 2006	Jan 1 - Mar 31 2005	Jan 1 - Dec 31 2005
At the beginning of the period	5,811.4	5,375.9	5,375.9
Changes attributable to:			
Equity holders of the parent			
Cash flow hedges	83.5	-149.0	-290.5
Translation difference	-58.6	86.6	268.3
Deferred tax	-22.1	49.2	90.8
Net income for the period	323.5	54.5	884.8
Dividends	-	-	-530.4
Subtotal	326.3	41.3	423.0
Minority			
Translation difference	24.7	7.9	-4.4
Net income for the period	9.2	9.7	43.2
Dividends	-	-	-26.3
Subtotal	33.9	17.6	12.5
At the end of the period	6,171.6	5,434.8	5,811.4

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