Interim Report Q1 2007

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

Mr. Lars Renström
President and CEO
Alfa Laval Group
Key figures

January – March 2007

- Orders received up 36% to SEK 7,005 million.
- Net sales up 34% to SEK 5,150 million.
- Adjusted EBITA up 59% to SEK 835 (525) million.

- negative currency effect SEK 79 million.
Orders received

SEK million

Q104 Q204 Q304 Q404 Q105 Q205 Q305 Q405 Q106 Q206 Q306 Q406 Q107

Orders received

SEK million R 12

Q104 Q204 Q304 Q404 Q105 Q205 Q305 Q405 Q106 Q206 Q306 Q406 Q107

= rolling twelve months value

+xx% = % development at constant rates by quarter year on year

= order intake per quarter
# Order analysis

<table>
<thead>
<tr>
<th>Jan – Mar 07</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2006</strong> (SEK million)</td>
<td>5,481</td>
</tr>
<tr>
<td>Structural change, %</td>
<td>+ 6</td>
</tr>
<tr>
<td>Currency effects, %</td>
<td>- 8</td>
</tr>
<tr>
<td>Organic development, %</td>
<td>+ 30</td>
</tr>
<tr>
<td><strong>Total, %</strong></td>
<td>+ 28</td>
</tr>
<tr>
<td><strong>2007</strong> (SEK million)</td>
<td>7,005</td>
</tr>
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</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 during the quarter

Large orders, total SEK 435 million (220)
Highlights during the quarter

Large orders

- Environmental equipment to City of Toronto.
  
  Treatment of waste water sludge. Total value SEK 50 million.
  Delivery during 2008.
Highlights during the quarter

Large orders

- Environmental equipment to City of Toronto.

- Petrochemical orders from Chinese customers.
  
  *Alfa Laval Packinox custom-designed heat exchangers.*
  
  *Total value SEK 180 million. Delivery during 2008.*
Highlights during the quarter

Large orders

- Environmental equipment to City of Toronto.
- Petrochemical orders from Chinese customers.
- Soy protein order from China.

Membrane separation products. Total value SEK 55 million.

Delivery during 2007.
Highlights during the quarter

Large orders

- Environmental equipment to City of Toronto.
- Petrochemical orders from Chinese customers.
- Soy protein order from China.
- Marine orders from fast growing Vietnam.

*Total value SEK 50 million. Delivery during 2007 and 2008.*
Highlights during the quarter

Large orders

- Environmental equipment to City of Toronto.
- Petrochemical orders from Chinese customers.
- Soy protein order from China.
- Marine orders from fast growing Vietnam.
- Refinery orders from the US and Taiwan.

*Total value SEK 100 million. Delivery during 2008.*
Highlights during the quarter

**Acquisitions**

- Dutch company Helpman, turnover SEK 200 million.
  
  *One of the leading companies in Europe for air heat exchangers used in the sensitive logistical chain in food. 130 employees. Consolidated April 4.*
Highlights during the quarter

**Acquisitions**

- Dutch company Helpman, turnover SEK 200 million.
- US company DSO, turnover SEK 50 million.

*Manufacturer of parts for pumps and valves that strengthens the position on the American sanitary market. 20 employees. Consolidated March 16.*
Highlights during the quarter

Acquisitions

- Dutch company Helpman, turnover SEK 200 million.
- US company DSO, turnover SEK 50 million.
- Offer to purchase an additional 26 percent of Alfa Laval India.

Intention to increase the share of Alfa Laval India from 64 to 90 percent. The offer price represents a total value of approximately SEK 700 million.
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President and CEO
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Orders received by Segment
January – March 2007, at constant rates

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

The Process Technology Division, January – March 2007, at constant rates and for comparable units

- Strong development for bio fuels, also outside the US.
- Best base business ever in the Process Industry segment.
- Increased activity in the biotech market, particularly in the US.

- Life Science
  - Process Industry
  - Energy & Environment
  - Food
Continued strong marine market.

Very strong quarter for OEM, benefiting from a good market for heat pumps.

Sanitary remains on a high level.
Environment

- Increased need world-wide for efficient handling of waste water and sludge.
- Large orders in Q1 2007 from Canada (City of Toronto) and the US (Cities of Houston and Atlanta).
- New decanter ALDEC G2 is up to 30% more efficient.
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President and CEO
Alfa Laval Group
Orders received by Region

January – March 2007

% development at constant rates by quarter year on year
Highlights Americas
January – March 2007

North America
- Strong business climate in energy-related industries with focus on bio ethanol.
- Good development for Tranter.

Latin America
- Strong development in the aftermarket.
- Focus on the Equipment Division has resulted in very good development in base business.

% development at constant rates by quarter year on year

+50
+52
Highlights Europe
January – March 2007

Western Europe incl. Nordic
- Strong development in base sales.
- Best development in Refrigeration and OEM.

Central and Eastern Europe
- Good growth in base sales.
- Large food contracts in Russia and Ukraine in Q1 2006 have not been repeated.

% development at constant rates by quarter year on year

www.alfalaval.com
Highlights Asia

January – March 2007

Asia

- Very strong growth with best development in China and Korea.
- Continued strong order intake in the Marine segment.

% development at constant rates by quarter year on year

www.alfalaval.com
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Mr. Thomas Thuresson
CFO
Alfa Laval Group
## Highlights

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SEK million
Gross profit margin

In percent of sales

Q104 Q204 Q304 Q404 Q105 Q205 Q305 Q405 Q106 Q206 Q306 Q406 Q107
39.0 37.0 38.9 38.9

www.alfalaval.com
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# Earnings per share

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<tbody>
<tr>
<td></td>
<td>2007</td>
<td>2006</td>
</tr>
<tr>
<td>Earnings</td>
<td>4.11</td>
<td>2.90</td>
</tr>
<tr>
<td>Earnings, excluding step-up</td>
<td>4.63</td>
<td>3.40</td>
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<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td>550</td>
</tr>
<tr>
<td><strong>ROCE</strong></td>
<td>36.9%</td>
</tr>
</tbody>
</table>
# Cash-flow statement

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<tr>
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<th>Q1 2007</th>
<th>Q1 2006</th>
</tr>
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<tbody>
<tr>
<td><strong>SEK million</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows from</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- operating activities</td>
<td>550</td>
<td>392</td>
</tr>
<tr>
<td>- investing activities</td>
<td>- 146</td>
<td>- 1,285</td>
</tr>
<tr>
<td>Financial net paid</td>
<td>- 32</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>372</td>
<td>- 882</td>
</tr>
<tr>
<td><strong>Pro Forma Free-cash-flow</strong></td>
<td>464</td>
<td>339</td>
</tr>
</tbody>
</table>

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

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

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<th>SEK million</th>
<th>Q1 2007</th>
<th>WY 07*</th>
<th>WY 08*</th>
</tr>
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<tbody>
<tr>
<td>Translation effect</td>
<td>- 20</td>
<td>- 80</td>
<td>- 10</td>
</tr>
<tr>
<td>Transaction effect</td>
<td>- 59</td>
<td>- 150</td>
<td>- 90</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>- 79</strong></td>
<td><strong>- 230</strong></td>
<td><strong>- 100</strong></td>
</tr>
</tbody>
</table>

*Based on EUR/USD 1.35 and EUR/SEK 9.20*
Order backlog as per March 31

For delivery during rest of current year
For delivery in the later years

2005: 5,094
2006: 6,893
2007: 8,780
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Outlook for the near future

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