Interim Report Q2 2007

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

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

### April – June 2007

- Orders received up 13% to SEK 6,822 million.
- Net sales up 29% to SEK 6,094 million.
- Adjusted EBITA up 60% SEK 1,130 million.
  - Negative currency effect SEK 76 million.

### January – June 2007

- Orders received up 23% to SEK 13,827 million.
- Net sales up 31% to SEK 11,244 million.
- Adjusted EBITA up 60% to SEK 1,965 million.
  - Negative currency effect SEK 155 million.
Orders received

- **Q204**: +20% SEK million
- **Q304**: +15% SEK million
- **Q404**: +5% SEK million
- **Q105**: +9% SEK million
- **Q205**: +25% SEK million
- **Q305**: +23% SEK million
- **Q405**: +28% SEK million
- **Q106**: +35% SEK million
- **Q206**: +17% SEK million
- **Q306**: +40% SEK million
- **Q406**: +36% SEK million
- **Q107**: +13% SEK million
- **Q207**: +xx% SEK million

- **= rolling twelve months value**
- **= order intake per quarter**
- **+xx% = % development at constant rates by quarter year on year**
Order analysis

<table>
<thead>
<tr>
<th></th>
<th>Apr – Jun 07</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2006 (SEK million)</strong></td>
<td>6,217</td>
</tr>
<tr>
<td>Structural change, %</td>
<td>+ 1</td>
</tr>
<tr>
<td>Currency effects,%</td>
<td>- 3</td>
</tr>
<tr>
<td>Organic development, %</td>
<td>+ 12</td>
</tr>
<tr>
<td><strong>Total, %</strong></td>
<td>+ 10</td>
</tr>
<tr>
<td><strong>2007 (SEK million)</strong></td>
<td>6,822</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 240 million (380)

- Process solution to large European ethanol plant.
  
  *Total value SEK 50 million. Delivery during 2008.*
Highlights during the quarter

Large orders

- Process solution to large European ethanol plant.
- Petrochemical order for Saudi Arabia.

The successful plate heat exchanger T50 for the plant’s central cooling.

Total value SEK 190 million. Delivery during 2009.
Highlights during the quarter

Acquisitions

- Additional 13 percent of Alfa Laval India.

  *Alfa Laval AB owns approximately 77 percent of the listed company Alfa Laval (India) Ltd. Investment SEK 505 million.*
Highlights during the quarter

Acquisitions

- Additional 13 percent of Alfa Laval India.
- Dutch company Helpman, turnover SEK 200 million. 
  One of the leading companies in Europe for air heat exchangers used in the sensitive logistical chain for food. 130 employees.
Highlights during the quarter

Acquisitions

- Additional 13 percent of Alfa Laval India.
- Dutch company Helpman, turnover SEK 200 million.
- American AGC Engineering, turnover SEK 70 million.

Provides plate heat exchanger service and equipment to the dairy and food processing industries. Strengthens the position in the sanitary market in the USA. 65 employees.
Highlights during the quarter

Repurchase of shares

- Mandate to repurchase 10 percent of the issued shares.
- During Q2 2007 Alfa Laval AB has repurchased 1,011,969 shares corresponding to 0.9% of the shares at a total price of SEK 426 million.
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Orders received by Segment
April – June 2007, at constant rates
Orders received by Segment

*The Process Technology Division, April – June 2007, at constant rates and for comparable units*

- Good growth in Process Industry, particularly refinery and petrochemical.
- Bio diesel is increasing, and bio ethanol remains stable on a high level.
Orders received by Segment

The Equipment Division, April – June 2007, at constant rates and for comparable units

- High investments in the dairy-, food- and cosmetics industry.
- Increased investments in refrigeration.
- Continued high investments in Marine and heat pumps in OEM.

+ Comfort & Refrigeration
+ Marine & Diesel
+ Fluids & Utility
+ OEM
+ Sanitary
Increased focus with a broader product portfolio

- The acquisition of Helpman.
- Turnover SEK 200 M, with a strong position in Europe.
Orders received by Segment

January – June 2007, at constant rates

- Comfort & Refrigeration
- Marine & Diesel
- Fluids & Utility
- OEM
- Sanitary
- Parts & Service
- Life Science
- Process Industry
- Energy & Environment
- Food
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President and CEO
Alfa Laval Group
Orders received by Region

April – June 2007, at constant rates

- North America: 18%
- Asia: 26%
- Western Europe: 28%
- Central & Eastern Europe: 10%
- Nordic: 10%
- Latin America: 6%
- Other: 2%

April – June 2007, at constant rates:

- Western Europe: +21%
- Asia: +70%
- North America: +22%
- Europe: +21%
- Nordic: +2%
- Latin America: +2%
- Other: +2%
Highlights Americas
April – June 2007, at constant rates

North America
- Very good level of base business and a strong aftermarket.
- Best development in Process Industry.

Latin America
- Outstanding development in Brazil.
Highlights Europe

April – June 2007, at constant rates

Western Europe incl. Nordic
- Continued strong development in base business.
- A large energy order in France last year was not repeated.

Central and Eastern Europe
- Very good level of base business and a strong aftermarket.
- Strongest development in Russia and Poland.
Highlights Asia

April – June 2007, at constant rates

Asia

- Continued good development of base business.
Orders received by Region

January – June 2007, at constant rates

- **Asia**: 28%
- **North America**: 19%
- **Western Europe**: 27%
- **Centr. & East**: 9%
- **Nordic**: 10%
- **L. America**: 5%
- **Other**: 2%

**Growth rates**:
- **Asia**: +62%
- **North America**: +40%
- **Western Europe**: +27%
- **Centr. & East**: +23%
- **Nordic**: +12%
- **L. America**: +7%
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Mr. Thomas Thuresson
CFO
Alfa Laval Group
### Highlights

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<td>Profit before tax</td>
<td>1,037</td>
<td></td>
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</table>
# Earnings per share

<table>
<thead>
<tr>
<th></th>
<th>Apr - Jun 2007</th>
<th>Apr - Jun 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings</td>
<td>6.48</td>
<td>3.97</td>
</tr>
<tr>
<td>Earnings, excluding step-up</td>
<td>11.55</td>
<td>7.89</td>
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<td>1,037</td>
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<tr>
<td>Cash flow from operating activities</td>
<td>488</td>
</tr>
<tr>
<td>ROCE</td>
<td>41.1%</td>
</tr>
</tbody>
</table>
# Cash-flow statement

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</tr>
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<td>Cash flows from</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- operating activities</td>
<td>1,038</td>
<td>909</td>
</tr>
<tr>
<td>- investing activities</td>
<td>-849</td>
<td>-1,359</td>
</tr>
<tr>
<td>Financial net paid</td>
<td>-162</td>
<td>-20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>27</strong></td>
<td><strong>-470</strong></td>
</tr>
</tbody>
</table>

**Pro Forma Free-cash-flow*** | **732** | **752**

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

### Estimated impact on adjusted EBIT A from Fx. fluctuations

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Q2 07</th>
<th>H1 07</th>
<th>WY 07*</th>
<th>WY 08*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Translation effect</td>
<td>- 73</td>
<td>- 93</td>
<td>- 130</td>
<td>0</td>
</tr>
<tr>
<td>Transaction effect</td>
<td>- 3</td>
<td>- 62</td>
<td>- 155</td>
<td>- 85</td>
</tr>
<tr>
<td>Total</td>
<td>- 76</td>
<td>- 155</td>
<td>- 285</td>
<td>- 85</td>
</tr>
</tbody>
</table>

*Based on EUR/USD 1.35 and EUR/SEK 9.25*
Order backlog as per June 30

For delivery during rest of current year
- 2005: 4,793
- 2006: 6,597
- 2007: 8,514

For delivery in the later years
- 2005: 1,611
- 2006: 4,486
- 2007: 6,059

Total SEK million:
- 2005: 6,404
- 2006: 11,083
- 2007: 14,573
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Outlook for the near future

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