Interim Report Q1 2008

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

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

January – March 2008

- Orders received up 9% to SEK 7,433 million.
- Net sales up 24% to SEK 6,267 million.
- Adjusted EBITA up 69% SEK 1,410 million.

- Negative currency effect SEK 44 million.
Orders received

- SEK millions
- SEK millions R 12

Orders received

- = 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>2007 (SEK millions)</th>
<th>2008 (SEK million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural change, %</td>
<td>+ 3</td>
<td>7,433</td>
</tr>
<tr>
<td>Currency effects, %</td>
<td>- 3</td>
<td></td>
</tr>
<tr>
<td>Organic development, %</td>
<td>+ 6</td>
<td></td>
</tr>
<tr>
<td>Total, %</td>
<td>+ 6</td>
<td>7,005</td>
</tr>
</tbody>
</table>

Jan – March 08
Adjusted EBITA / margin *

SEK millions 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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President and CEO
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Highlights during the quarter

Large orders, total SEK 390 million (435)

* High capacity plate heat exchanger to Middle East.
  Order value SEK 100 million. Delivery during 2008.
Highlights during the quarter

Large orders

★ High capacity plate heat exchanger to Middle East.
★ Power order from Middle East.

Order value SEK 100 million. Delivery during 2008.
Highlights during the quarter

Large orders

- High capacity plate heat exchanger to Middle East.
- Power order in Middle East.
- Wins power order in China.
  
Highlights during the quarter

Large orders

- High capacity plate heat exchanger to Middle East.
- Power order in Middle East.
- Wins power order in China.
- Refinery order in Middle East.

Highlights during the quarter

Large orders

- High capacity plate heat exchanger to Middle East.
- Power order in Middle East.
- Wins power order in China.
- Refinery order in Middle East.
- Wins another power order in China.

Order value SEK 90 million. Delivery during 2010.
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Orders received by Segment
January – March 2008, 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 2008, at constant rates and for comparable units

- Best quarter ever!
- Both Oil & Gas and the Power business has been very good.
- Very low activity level in biofuels.
Orders received by Segment
The Equipment Division, January – March 2008, at constant rates and for comparable units

- Continued good growth in both Marine & Diesel and Comfort & Refrigeration
- OEM on a lower level due to the heat pump industry in Europe
New products

Alfa Laval Phoenix - new system for treatment of waste water from offshore installations

+30%
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Orders received by Region
January – March 2008, at constant rates

- Asia 37%
- Western Europe 24%
- North America 14%
- Cent. & East 8%
- L. America 6%
- Nordic 9%
- Other 2%

(+27 +33 +10 -18 -3 -1)
Highlights Americas
January – March 2008, at constant rates

North America
- Good development in Equipment division and Parts & Service
- Base orders were on the same level as last year.

Latin America
- Good development, especially for the Process Technology division
- Best growth in Energy & Environment and Process Industry
Western Europe incl. Nordic
※ Good development in Equipment division and Parts & Service.
※ Base business on the same level as last year.

Central and Eastern Europe
※ Good overall growth, especially in Energy & Environment and Parts & Service.
※ Very good development in Russia and Turkey.
Highlights Asia
January – March 2008, at constant rates

Asia
🌟 Best growth in Middle East, China and India.
🌟 Energy & Environment and Marine had the strongest development.
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Mr. Thomas Thuresson
CFO
Alfa Laval Group
## Highlights

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<td>Order intake</td>
<td>7,433</td>
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<td>6,267</td>
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</table>
Gross profit margin

In percent of sales

Q1 05 | Q2 05 | Q3 05 | Q4 05 | Q1 06 | Q2 06 | Q3 06 | Q4 06 | Q1 07 | Q2 07 | Q3 07 | Q4 07 | Q1 08
---|---|---|---|---|---|---|---|---|---|---|---|---
37.0 | 38.9 | 38.9 | 38.9 | 38.9 | 38.9 | 38.9 | 38.9 | 42.9 |
## Highlights

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<td>Adjusted EBITA-margin</td>
<td>22.5%</td>
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<td>Profit before tax</td>
<td>1,256</td>
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Earnings per share

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<th>Jan - Mar</th>
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<tr>
<td></td>
<td>2008</td>
<td>2007</td>
</tr>
<tr>
<td>Earnings</td>
<td>8.26</td>
<td>4.11</td>
</tr>
<tr>
<td>Earnings, excluding step-up</td>
<td>8.77</td>
<td>4.63</td>
</tr>
</tbody>
</table>
### Repurchase of shares

<table>
<thead>
<tr>
<th>Mandate to repurchase 10 percent of the issued shares</th>
<th>Q1 08</th>
<th>Q2 07 – Q1 08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of repurchased shares</td>
<td>1,084,200</td>
<td>4,686,739</td>
</tr>
<tr>
<td>Percentage of outstanding shares</td>
<td>1.0</td>
<td>4.2</td>
</tr>
<tr>
<td>Decrease of equity capital*</td>
<td>367</td>
<td>1,864</td>
</tr>
</tbody>
</table>

**Proposed AGM resolutions:**

- Cancellation of 4.3 million shares
- New mandate to repurchase up to 5%
- Split = 4 new for 1 old

*In parent company and in the Group (SEK millions)*
## Highlights

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<tr>
<td>Cash flow from operating activities</td>
<td>729</td>
</tr>
<tr>
<td>ROCE</td>
<td>57.6%</td>
</tr>
<tr>
<td>ROE</td>
<td>48.0%</td>
</tr>
</tbody>
</table>
## Cash-flow statement

<table>
<thead>
<tr>
<th>SEK millions</th>
<th>Q1 2008</th>
<th>Q1 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- operating activities</td>
<td>729</td>
<td>550</td>
</tr>
<tr>
<td>- investing activities</td>
<td>-134</td>
<td>-146</td>
</tr>
<tr>
<td>Financial net paid</td>
<td>16</td>
<td>-32</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>611</strong></td>
<td><strong>372</strong></td>
</tr>
</tbody>
</table>

**Pro Forma Free-cash-flow*** | 651 | 464 |

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

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Q1 2008</th>
<th>WY 08*</th>
<th>WY 09*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Translation effect</td>
<td>- 24</td>
<td>- 75</td>
<td>-</td>
</tr>
<tr>
<td>Transaction effect</td>
<td>- 20</td>
<td>- 160</td>
<td>- 225</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>- 44</td>
<td>- 235</td>
<td>- 225</td>
</tr>
</tbody>
</table>

*Based on EUR/USD 1.58 and EUR/SEK 9.35*
Order backlog as per March 31

<table>
<thead>
<tr>
<th>Year</th>
<th>For delivery during rest of current year</th>
<th>For delivery next year or later</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>6,893</td>
<td>2,940</td>
</tr>
<tr>
<td>2007</td>
<td>8,780</td>
<td>5,051</td>
</tr>
<tr>
<td>2008</td>
<td>9,818</td>
<td>5,725</td>
</tr>
</tbody>
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SEK millions
Interim Report Q4 2007

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President and CEO
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Outlook for the near future

“Alfa Laval expects the demand to remain on the current high level.”