Interim Report Q2 2008

- 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 2008

- Orders received up 8.1% at SEK 7,066 million.
- Net sales rose 16.8% to SEK 6,855 million.
- Adjusted EBITA up 40% at SEK 1,585 million.
  - Negative currency effect SEK 88 million.

January – June 2008

- Orders received up 8.3% at SEK 14,499 million.
- Net sales up 19.9% at SEK 13,122 million.
- Adjusted EBITA up 52% at SEK 2,995 million.
  - Negative currency effect SEK 132 million.
Orders received

- Q205: +9%
- Q305: +25%
- Q405: +23%
- Q106: +28%
- Q206: +35%
- Q306: +17%
- Q406: +40%
- Q107: +36%
- Q207: +13%
- Q307: +30%
- Q407: 0%
- Q108: +9%
- Q208: +8%

= 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>April – June 08</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2007 (SEK millions)</strong></td>
<td>6,822</td>
</tr>
<tr>
<td>Structural change, %</td>
<td>+ 2.9</td>
</tr>
<tr>
<td>Currency effects, %</td>
<td>- 4.5</td>
</tr>
<tr>
<td>Organic development, %</td>
<td>+ 5.2</td>
</tr>
<tr>
<td>Total, %</td>
<td>+ 3.6</td>
</tr>
<tr>
<td><strong>2008 (SEK million)</strong></td>
<td>7,066</td>
</tr>
</tbody>
</table>
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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Mr. Lars Renström
President and CEO
Alfa Laval Group
Highlights during the quarter

Large orders, total SEK 210 million (240)

* Process equipment to ethanol plants in Brazil.
  Order value SEK 90 million. Delivery mainly during 2008.
Highlights during the quarter

Large orders, total SEK 210 million (240)

- Process equipment to ethanol plants in Brazil.
- Air heat exchanger order from Brazil.
  Order value SEK 60 million. Delivery mainly during 2008.
 Highlights during the quarter

Large orders, total SEK 210 million (240)

- Process equipment to ethanol plants in Brazil.
- Air heat exchanger order from power plants in Brazil.
Highlights during the quarter

Acquisitions

• U.S. company Standard Refrigeration.

Highlights during the quarter

**Acquisitions**

- U.S. company Standard Refrigeration.
- 45 percent stake in Swedish company Ageratec.

  Provider of innovative process solutions for the biodiesel industry.

  Estimated sales of SEK 80 million in 2008.
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Alfa Laval Group
Orders received by Segment
April – June 2008, at constant rates

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

The Process Technology Division, April – June 2008, at constant rates

- Very good quarter for Food Technology
- Continued low activity level in bio-fuels
Orders received by Segment
The Equipment Division, April – June 2008, at constant rates

- Continued good growth in Marine & Diesel
- OEM improved towards end of quarter
- Sanitary affected by lower dairy investments
Vegetable oil

- Increased margins have brought forward investment programs.
- Concern for food safety is increasing – natural vegetable oils contain no trans-fatty acids.
- India and China are experiencing a sharp increase in demand.
Orders received by Segment
January – June 2008, at constant rates
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President and CEO
Alfa Laval Group
Orders received by Region

April – June 2008, at constant rates

- Asia 35%
- Western Europe 26%
- North America 13%
- L. America 6%
- Centr. & East 8%
- Nordic 10%
- Other 2%

-17, -4, -17, +49, +13, -2
Orders received by Region
April – June 2008, at constant rates

- Asia 35%
- Western Europe 26%
- North America 13%
- Cent. & East 8%
- L. America 6%
- Other 2%
- Nordic 10%

April – June 2008, at constant rates:
- Asia -17%
- Western Europe -2%
- North America -22%
- Cent. & East -4%
- L. America -17%
- Other -17%
- Nordic +49%
- Western Europe +13%
Highlights Americas
April – June 2008, at constant rates

North America
- Decline for Process Technology division, mainly due to drop in orders for ethanol applications
- Growth for base business

Latin America
- Best growth in Refrigeration and Marine & Diesel
- Brazil boosted by growth in Energy & Environment and Process Industry
Highlights Europe
April – June 2008, at constant rates

Western Europe incl. Nordic
★ Base business on same level as last year
★ Increase for Parts & Service

Central and Eastern Europe
★ Large orders weren’t repeated
★ Ukraine and Central Europe showed best overall development
Highlights Asia
April – June 2008, at constant rates

Asia
- Best growth in South Korea, Middle East and China
- Marine & Diesel, Process and Food had the strongest development
Orders received by Region

January – June 2008, at constant rates

- Asia 37%
- Western Europe 25%
- North America 13%
- Nordic 9%
- L. America 8%
- Centr. & East 6%
- Other 2%

Other regions:
- North America: -18%
- L. America: -3%
- Centr. & East: -5%
- Other: +40%
- Asia: +20%
Interim Report Q2 2008

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Mr. Thomas Thuresson
CFO
Alfa Laval Group
## Highlights

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<td>Net sales</td>
<td>6,855</td>
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Gross profit margin

In percent of sales

Q205  Q305  Q405  Q106  Q206  Q306  Q406  Q107  Q207  Q307  Q407  Q108  Q208

36.3  37.3  39.3  43.5
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<td>23.1%</td>
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<td>Profit before tax</td>
<td>1,456</td>
</tr>
</tbody>
</table>
## Earnings per share

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<thead>
<tr>
<th></th>
<th>April - June</th>
<th>Jan. - June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings</td>
<td>2.41</td>
<td>1.62</td>
</tr>
<tr>
<td>Earnings, excluding step-up</td>
<td>2.49</td>
<td>1.73</td>
</tr>
</tbody>
</table>
Equity and shares

<table>
<thead>
<tr>
<th>June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repurchased shares for cancellation</td>
</tr>
<tr>
<td>Percentage of outstanding shares</td>
</tr>
</tbody>
</table>

Implemented AGM resolutions:

- Cancellation of 4.3 million “old” shares
- Restricted equity unchanged after cancellation
- Split = 4 new for 1 old
## Highlights

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</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>1,200</td>
</tr>
<tr>
<td>ROCE</td>
<td>59.5%</td>
</tr>
<tr>
<td>ROE</td>
<td>50.8%</td>
</tr>
</tbody>
</table>
# Cash-flow statement

<table>
<thead>
<tr>
<th>SEK millions</th>
<th>Jan - June 2008</th>
<th>Jan - June 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- operating activities</td>
<td>1,929</td>
<td>1,038</td>
</tr>
<tr>
<td>- investing activities</td>
<td>- 687</td>
<td>- 849</td>
</tr>
<tr>
<td>Financial net paid</td>
<td>- 63</td>
<td>- 162</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1179</strong></td>
<td><strong>27</strong></td>
</tr>
<tr>
<td>Pro Forma Free-cash-flow*</td>
<td>1,607</td>
<td>732</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Estimated impact on adjusted EBITA from Fx. fluctuations</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEK million</td>
</tr>
<tr>
<td>Q2 08</td>
</tr>
<tr>
<td>Translation effect</td>
</tr>
<tr>
<td>Transaction effect</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

*Based on EUR/USD 1.59 and EUR/SEK 9.40*
Order backlog as per June 30

SEK millions

<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>6,597</td>
<td>4,486</td>
</tr>
<tr>
<td>2007</td>
<td>8,514</td>
<td>6,059</td>
</tr>
<tr>
<td>2008</td>
<td>9,033</td>
<td>6,589</td>
</tr>
</tbody>
</table>
Interim Report Q4 2007

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- Development per segment
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Mr. Lars Renström
President and CEO
Alfa Laval Group
Outlook for the near future

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