Interim Report Q3 2008

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

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

### July – September 2008
- Orders received decreased 3.4% to SEK 6,784 million.
- Net sales rose 4.9% to SEK 6,632 million.
- Adjusted EBITA up 7.8% at SEK 1,444 million.
  - *Negative currency effect SEK 94 million.*

### January – September 2008
- Orders received up 4.3% at SEK 21,283 million.
- Net sales up 14.5% at SEK 19,754 million.
- Adjusted EBITA up 34% at SEK 4,439 million.
  - *Negative currency effect SEK 226 million.*
Orders received

SEK million

Q305  Q405  Q106  Q206  Q306  Q406  Q107  Q207  Q307  Q407  Q108  Q208  Q308
+25%  +23%  +28%  +35%  +17%  +40%  +36%  +13%  +30%  0%   +9%   +8%   +3%

SEK million R 12

= 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>July – September 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2007 (SEK millions)</strong></td>
<td>7,150</td>
</tr>
<tr>
<td>Structural change, %</td>
<td>+ 2.8</td>
</tr>
<tr>
<td>Currency effects, %</td>
<td>- 1.7</td>
</tr>
<tr>
<td>Organic development, %</td>
<td>- 6.2</td>
</tr>
<tr>
<td><strong>Total, %</strong></td>
<td>- 5.1</td>
</tr>
<tr>
<td><strong>2008 (SEK million)</strong></td>
<td>6,784</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 200 million (360)

* Power order in Russia.
  
Highlights during the quarter

Large orders, total SEK 200 million (360)

🌟 Power order in Russia.

🌟 Thermal evaporation systems order in India.

Highlights during the quarter

Acquisitions

- German company Pressko AG.
  
  Specialist company providing fully welded heat exchangers.
  
  Estimated sales of about SEK 50 million in 2008.
Highlights during the quarter

Acquisitions

- German company Pressko AG.
- U.S. company Hutchison Hayes Separation.

  Provider of separation equipment, parts and services mainly to the U.S. energy-related industries. Sales of about SEK 150 million in 2007.
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Mr. Lars Renström
President and CEO
Alfa Laval Group
Orders received by Segment
July – September 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, July – September 2008, at constant rates

- Slight decrease for base business
- Food affected by non-repeat orders
- Continued strong development for E&E

Life Science
Process Industry
Energy & Environment
Food
Orders received by Segment
The Equipment Division, July – September 2008, at constant rates

- Comfort & Refrigeration affected by slowdown in construction
- Recovery for OEM due to growth in heat-pump demand
- Slowing orders for Marine, Diesel had strong development
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Mr. Lars Renström
President and CEO
Alfa Laval Group
Orders received by Region
July – September 2008, at constant rates

- Asia 33%
- Western Europe 24%
- Nordic 9%
- Cent. & East 8%
- L. America 7%
- North America 17%
- Other 2%

Changes:
- Asia: +3%
- Western Europe: -19%
- Nordic: +23%
- Cent. & East: +5%
- L. America: -11%
- North America: -4%
- Other: +5%
Orders received by Region
July – September 2008, at constant rates

- Asia 33%
- Western Europe 24%
- Nordic 9%
- Centr. & East 8%
- L. America 7%
- North America 17%
- Other 2%

Changes:
- +23
- +5
- +3
- -19
- -11
- -4
- +5
Highlights Americas

July– September 2008, at constant rates

North America
- Base orders up from last year
- Growth in majority of segments
- Best performance in Energy & Environment and Parts & Service

Latin America
- Brazil boosted by growth in the ethanol industry as well as food industry investments
- Mexico benefitted from investments in oil and gas industry
Highlights Europe
July – September 2008, at constant rates

Western Europe incl. Nordic
- Process Technology dropped due to fewer large orders
- Equipment division was stable
- Base business was slightly lower

Central and Eastern Europe
- Process Technology dropped due to fewer large orders
- Base business had a continued positive development
Highlights Asia
July – September 2008, at constant rates

Asia
- Decline due to slowing Marine market
- Strong development for Process Industry and Food Technology
- Best performance seen in Korea, the Middle East and South East Asia
Orders received by Region
January – September 2008, at constant rates

- Asia 35%
- Western Europe 25%
- North America 14%
- Centr. & East 8%
- Nordic 9%
- L. America 6%
- Other 2%

North America: -7%
Western Europe: +23%
Asia: +14%
North America: +0%
L. America: -7%
Centr. & East: -8%
Nordic: +14%
Other: +23%
Interim Report Q3 2008

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Mr. Thomas Thuresson
CFO
Alfa Laval Group
## Highlights

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Gross profit margin
### Highlights

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<td>Adjusted EBITA-margin</td>
<td>21.8%</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>1,418</td>
</tr>
</tbody>
</table>
## Earnings per share

<table>
<thead>
<tr>
<th></th>
<th>July - Sept</th>
<th>Jan - Sept</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings</td>
<td>2.32</td>
<td>2.08</td>
</tr>
<tr>
<td>Earnings, excluding step-up</td>
<td>2.43</td>
<td>2.21</td>
</tr>
</tbody>
</table>
## Group Funding

### Summary of credit facilities as per September 30, 2008

<table>
<thead>
<tr>
<th>Description</th>
<th>Committed SEKm</th>
<th>Utilised SEKm</th>
<th>Maturity Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Senior Facility</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>“Revolver” USD 348 million</td>
<td>4,981</td>
<td>1,775</td>
<td>2012</td>
</tr>
<tr>
<td>“Revolver” EUR 168 million</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>“Bullet” EUR 100 million</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>US Private Placement USD 110 million</strong></td>
<td>748</td>
<td>748</td>
<td>2016</td>
</tr>
<tr>
<td><strong>SHB bi-lateral loan EUR 25</strong></td>
<td>244</td>
<td>244</td>
<td>2014</td>
</tr>
<tr>
<td><strong>Sub total:</strong></td>
<td>5,973</td>
<td>2,767</td>
<td></td>
</tr>
<tr>
<td><strong>Local facilities</strong></td>
<td>-</td>
<td>559</td>
<td></td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td>5,973</td>
<td>3,326</td>
<td></td>
</tr>
<tr>
<td><strong>Cash and deposits</strong></td>
<td>-</td>
<td>+ 1,156</td>
<td></td>
</tr>
</tbody>
</table>

In addition, uncommitted facilities are available to an amount of approx. SEK 1.2 Bn.
# Share repurchases

<table>
<thead>
<tr>
<th></th>
<th>Sept 30</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mandate from AGM 2007</strong></td>
<td></td>
</tr>
<tr>
<td>Number of repurchased shares Jan 1 - March 31*</td>
<td>1,452,400</td>
</tr>
<tr>
<td>Percentage of outstanding shares</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Mandate from AGM 2008</strong></td>
<td></td>
</tr>
<tr>
<td>Number of repurchased shares April 1 – Sept 30</td>
<td>2,658,900</td>
</tr>
<tr>
<td>Percentage of outstanding shares</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Total amount spent on shares held, SEK 364 million</strong></td>
<td></td>
</tr>
</tbody>
</table>

* Remaining after cancellation.
## Highlights

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<tr>
<td>Profit before tax</td>
<td>1,418</td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>1,256</td>
</tr>
<tr>
<td>ROCE</td>
<td>58.2%</td>
</tr>
<tr>
<td>ROE</td>
<td>48.8%</td>
</tr>
</tbody>
</table>
## Cash-flow statement

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- operating activities</td>
<td>3,185</td>
<td>2,014</td>
</tr>
<tr>
<td>- investing activities</td>
<td>-1,174</td>
<td>-947</td>
</tr>
<tr>
<td>Financial net paid</td>
<td>-192</td>
<td>-166</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,819</td>
<td>901</td>
</tr>
<tr>
<td><strong>Pro Forma Free-cash-flow</strong>*</td>
<td>2,539</td>
<td>1,607</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>SEK million</th>
<th>Q3 08</th>
<th>9M 08</th>
<th>WY 08*</th>
<th>WY 09*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Translation effect</td>
<td>-29</td>
<td>-109</td>
<td>-120</td>
<td>-</td>
</tr>
<tr>
<td>Transaction effect</td>
<td>-65</td>
<td>-117</td>
<td>-180</td>
<td>-100</td>
</tr>
<tr>
<td>Total</td>
<td>-94</td>
<td>-226</td>
<td>-300</td>
<td>-100</td>
</tr>
</tbody>
</table>

*Based on EUR/USD 1.40 and EUR/SEK 9.50*
Order backlog as per Sept 30

<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>6,665</td>
<td>5,174</td>
</tr>
<tr>
<td>2007</td>
<td>9,058</td>
<td>6,256</td>
</tr>
<tr>
<td>2008</td>
<td>9,306</td>
<td>6,567</td>
</tr>
</tbody>
</table>

SEK millions
Capital Markets Day, Nov. 18

- Hilton Hotel Copenhagen Airport, Denmark
- 10:30 a.m. - 4:30 p.m. CET
- Business update
- Structural growth presentations
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President and CEO
Alfa Laval Group
Outlook for the fourth quarter

“We expect demand during the fourth quarter to be in line with, or somewhat lower, compared to the same period 2007”