

ALFA
LAV

Interim Report Q2 2005

- 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 2005

- Orders received up 9%
- Net sales up 7%
- Adjusted EBITA MSEK 422 (420)
- Negative currency effect MSEK 39

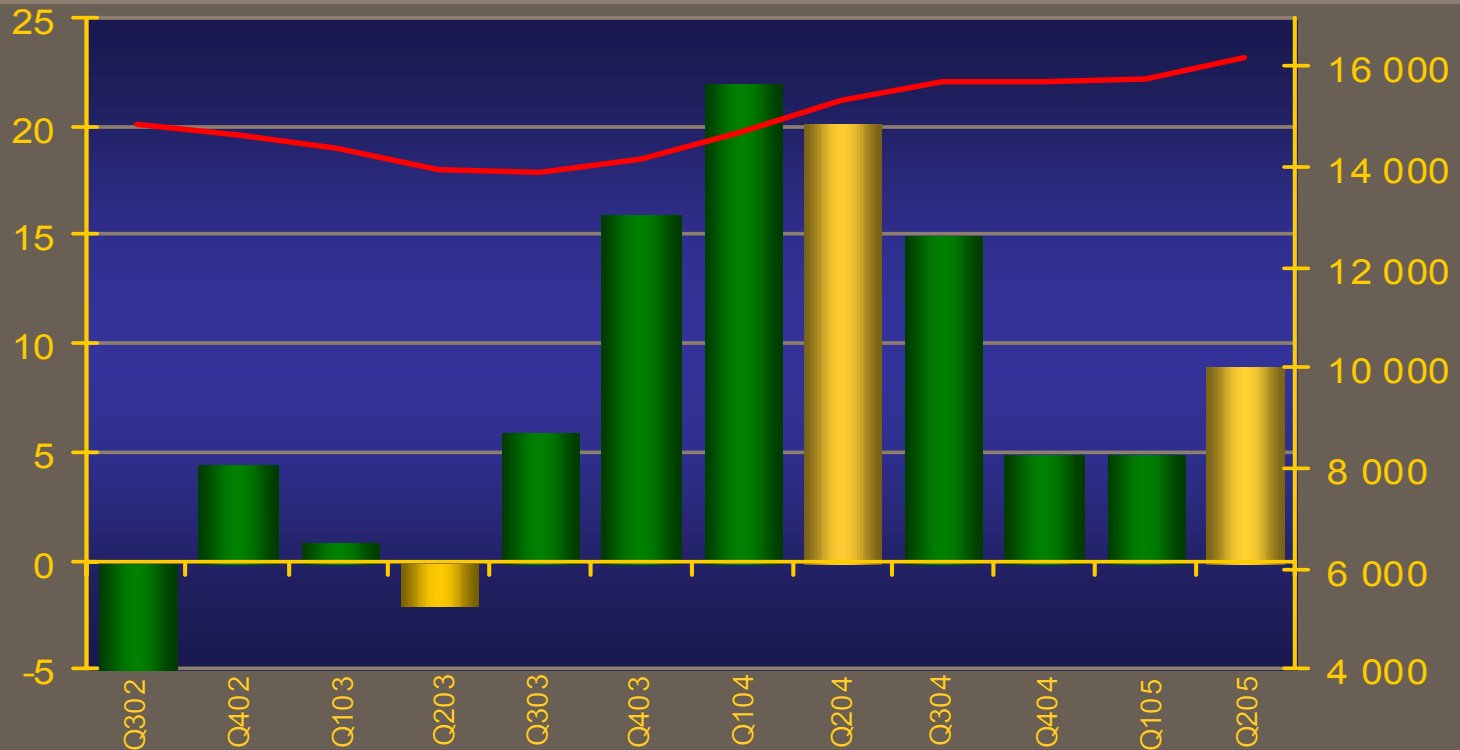
January – June 2005

- Orders received up 7%
- Net sales up 7%
- Adjusted EBITA MSEK 752 (803)
- Negative currency effect MSEK 81

Orders received

% Q on Q

SEK million R 12



— = rolling twelve months value

■ ■ = % development compared with the same quarter the year before www.alfalaval.com

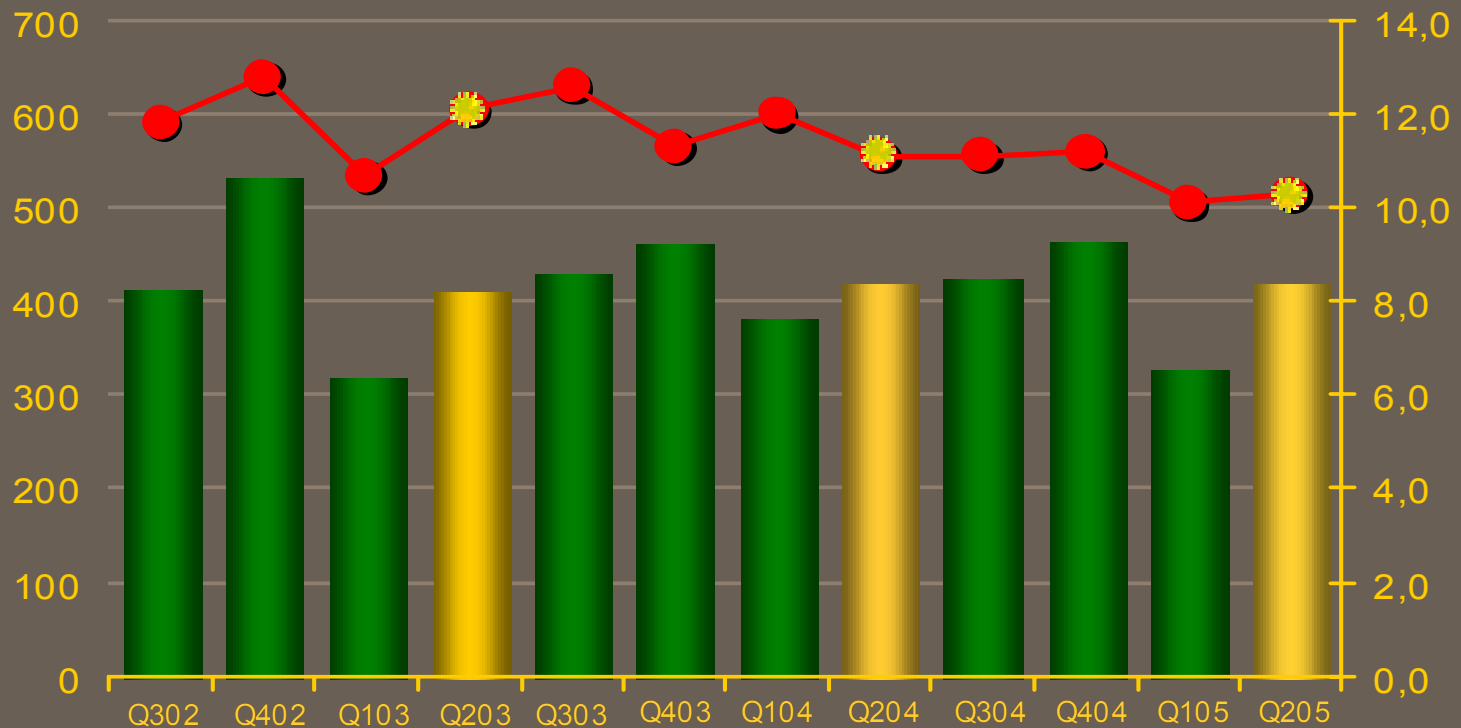
Order analysis

Apr – Jun 05

2004 (SEK million)	4,174
Structural change, %	+ 2
Currency effects, %	+ 1
Organic development, %	+ 7
Total, %	+10
2005 (SEK million)	4,574

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

April – June 2005

- Currency

Highlights

April – June 2005

- Currency
- Big orders
 - Central cooling in Saudi Arabia,
order value: SEK 100 million
 - Drinking water project in Pakistan,
order value: SEK 100 million

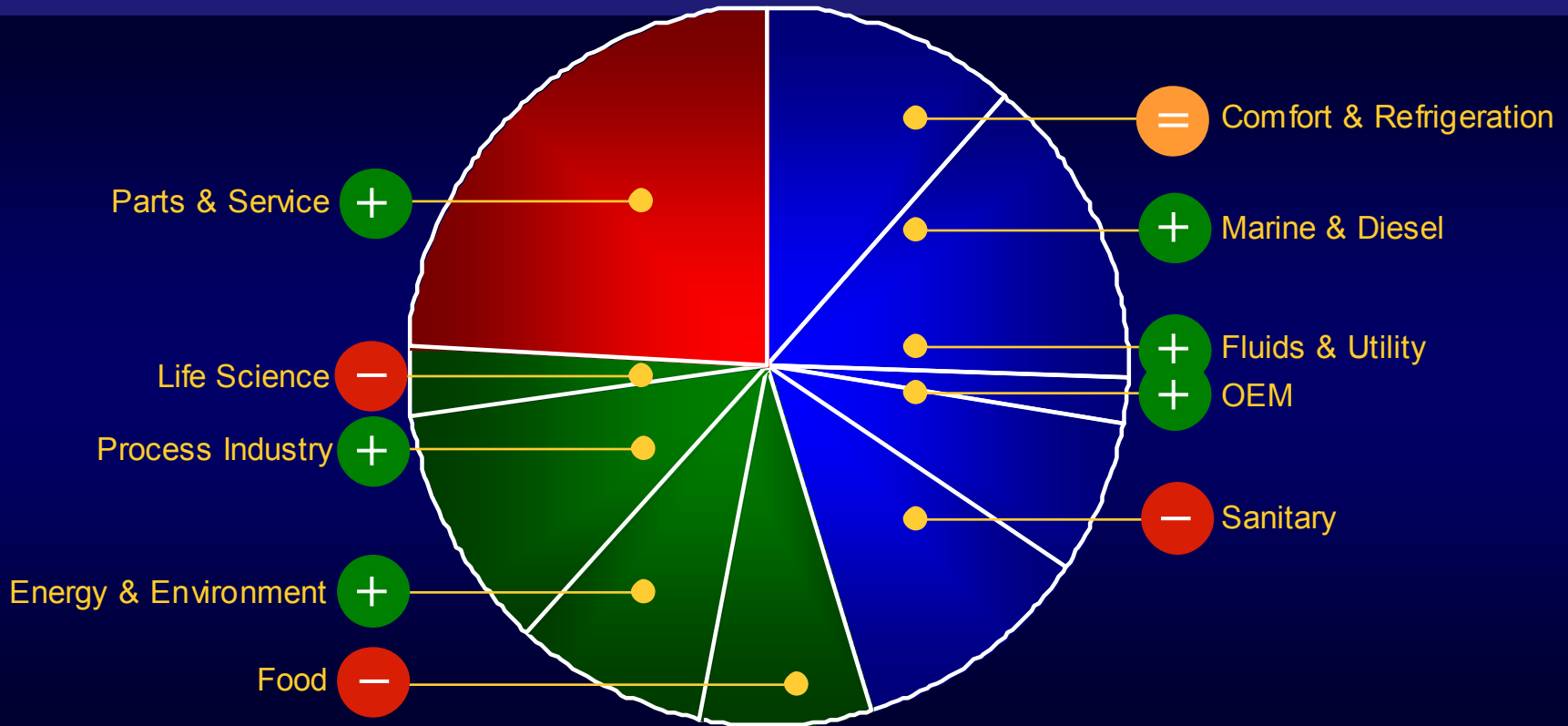
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Orders received by Segment

April – June 2005, at constant rates



Process Industry

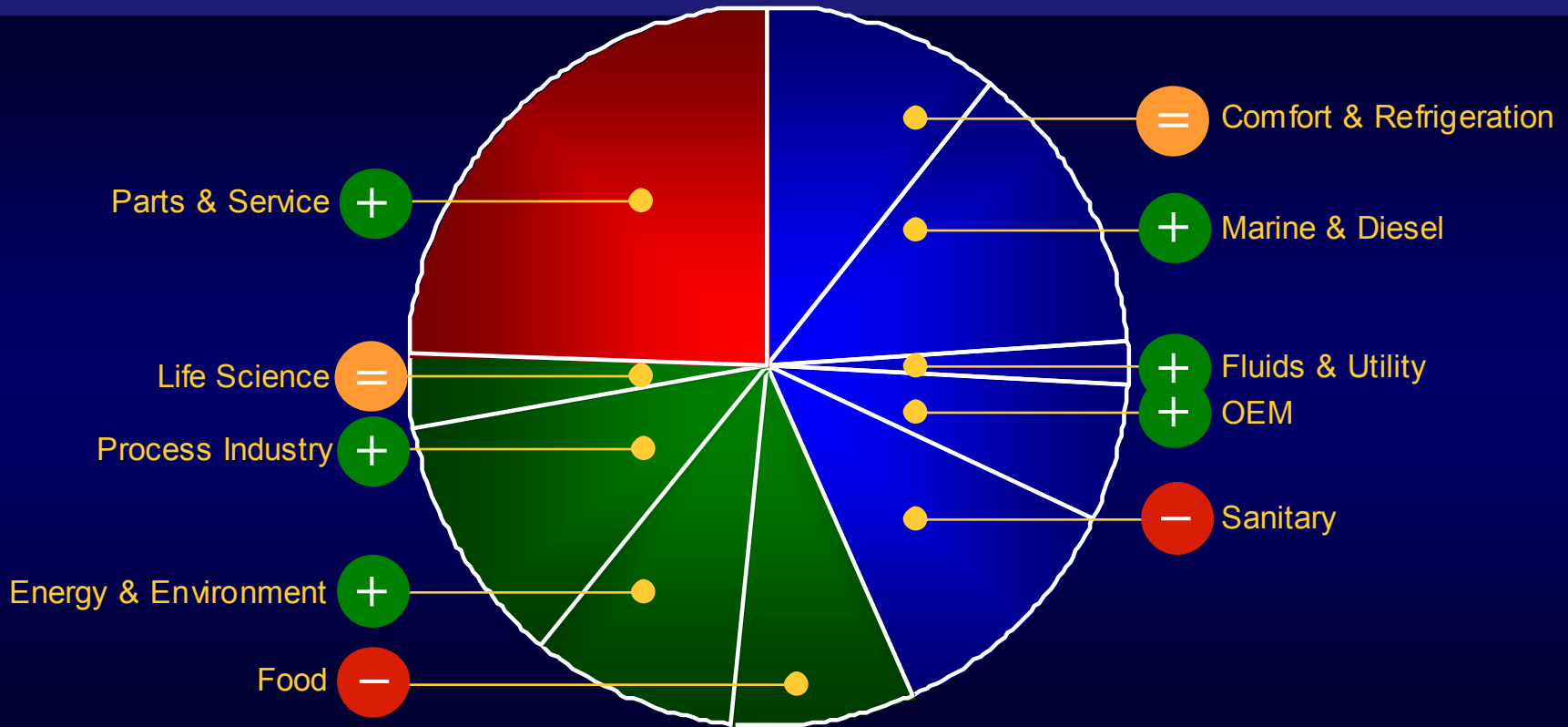


The T50 plate heat exchanger

- * Probably the largest gasketed PHE in the world
- * Newly developed plate system for better performance
- * Main application: Central cooling

Orders received by Segment

January – June 2005, at constant rates



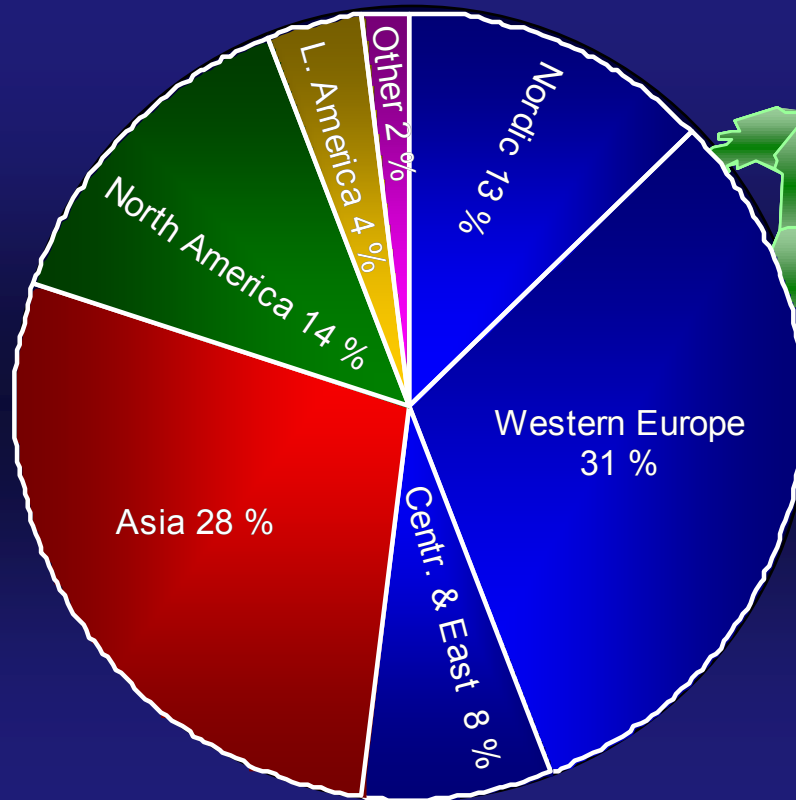
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Orders received by Region

April – June 2005, at constant rates



Highlights Americas

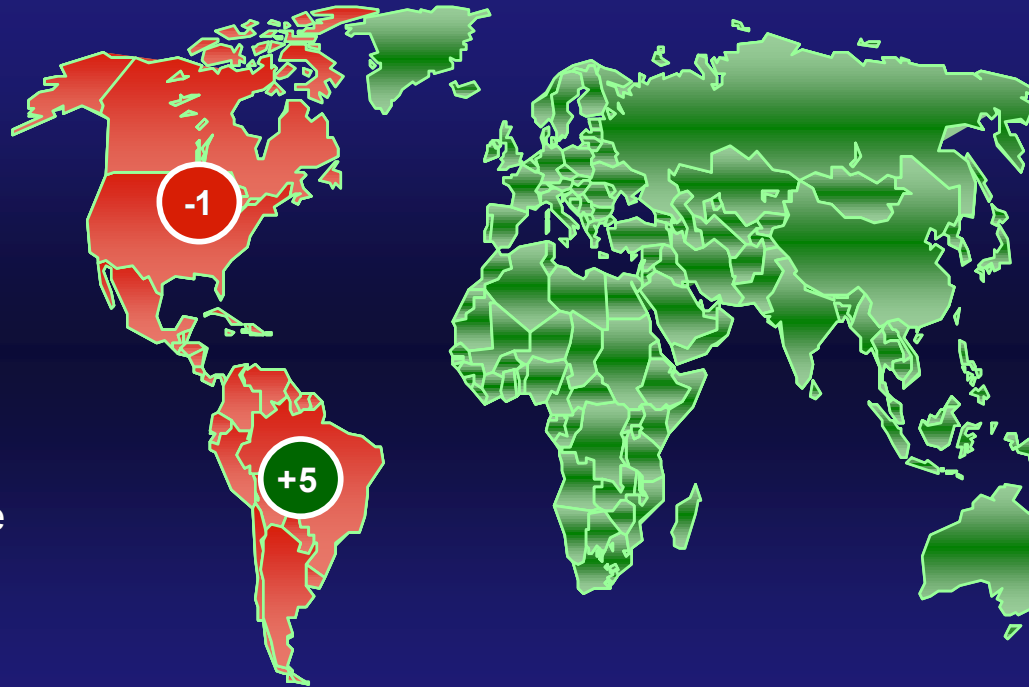
April – June 2005, at constant rates

North America

- Continued growth in the US
- all segments above 2004
except Sanitary

Latin America

- Good development in
Equipment Division
- High growth in Parts & Service



Highlights Europe

April – June 2005, at constant rates

Western Europe incl. Nordic

- MidEurope and UK above
- Strong Parts & Service

Central and Eastern Europe

- Generally good demand in Russia
- Increase in project orders in Ukraine and Czech Republic
- Strong growth for Parts & Service



Highlights Asia

April – June 2005, at constant rates

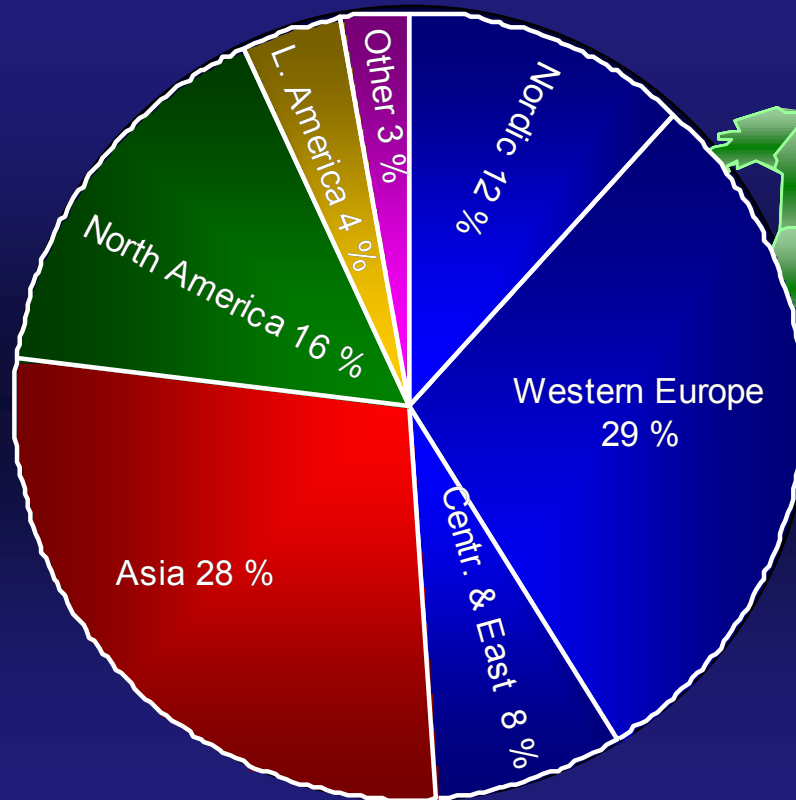
Asia

- Very strong order intake in China – in spite of slow project business
- High investment level in the Middle East
- Good growth in Parts & Service



Orders received by Region

January – June 2005, at constant rates



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Mr. Thomas Thuresson
CFO
Alfa Laval Group

Highlights

SEK million

Apr – Jun 05

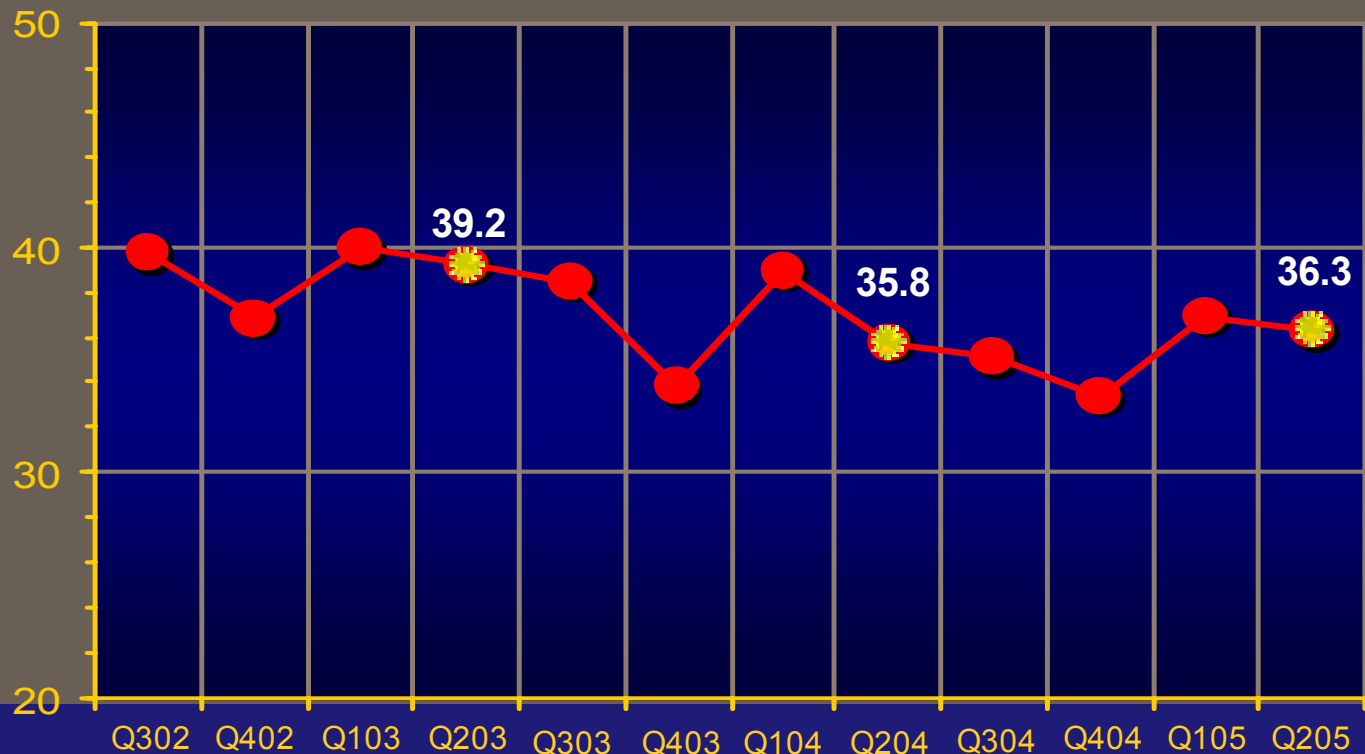
Order intake	4,574
Net sales	4,101
Adjusted EBITA	422
Adjusted EBITA-margin	10.3%

Adjusted EBITA

SEK million	Apr – Jun 05
2004	420
2005	422
Deviation	2
FX. translation	+ 2
FX. transaction	- 41
Deviation excl FX	41

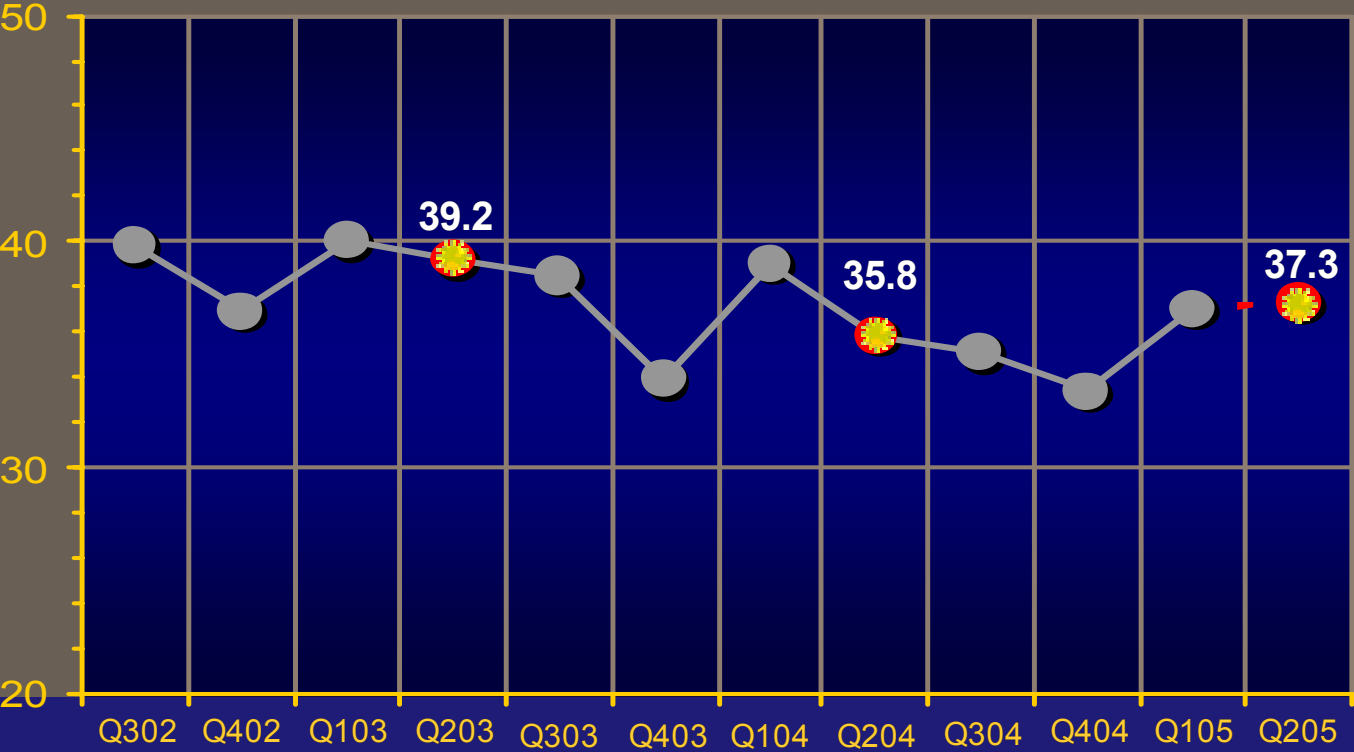
Gross profit margin

In percent of sales



Gross profit margin

In percent of sales, excluding FX-transactions Q205



Highlights

SEK million	Apr – Jun 05
Order intake	4,574
Net sales	4,101
Adjusted EBITA	422
Adjusted EBITA-margin	10.3%
Profit before tax	342

Taxes

SEK million	Jan-Jun 2005	
Profit after financial items, SEK million 418		
- taxes, 32% average	- 134	
Major adjustment items		
- loss making countries	}	+ 24
- loss carry forwards		
- pre-period adjustments		
Other items	+ 8	
	<hr/>	
Taxes according to P&L	102	
- in % of PBT	24.5	

Note: Average tax rate going forward 32%

Earnings per share

	Q2 2005	<i>IFRS</i> Q2 2004	H1 2005	<i>IFRS</i> H1 2004
Earnings	2.17	1.80	2.65	3.18
Earnings excluding goodwill and step-up	2.60	2.25	3.53	4.08

Highlights

SEK million	Apr – Jun 05
Order intake	4,574
Net sales	4,101
Adjusted EBITA	422
Adjusted EBITA-margin	10.3%
Profit before tax	342
Cash flow from operating activities	277
ROCE	20.7%
Excl. step-up and goodwill approx. 51.5%	

Cash-flow statement

SEK million	H1 2005	H1 2004
Cash flows from		
- operating activities	294	503
- investing activities	-544	- 27
Financial net paid	-113	- 68
Dividends	-530	-447
Total	-894	- 39
Pro Forma Free-cash-flow*	62	318

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

Foreign exchange

Estimated impact on adjusted EBITA from Fx. fluctuations

SEK million	Q2 2005	H1 2005	WY 05*
Translation effect	+ 2	- 7	- 10
Transaction effect	- 41	- 74	- 160
Total	- 39	- 81	- 170

*Based on EUR/USD 1.21 and EUR/SEK 9.25

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Outlook for the near future

Alfa Laval is expecting ...

...a continued demand on the present high level.

...that the current high price level for some raw materials will remain, at least short term.

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