Industrial Technique

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Industrial Technique

Market Position
- World leading supplier of industrial power tools and assembly systems for industrial manufacturing
- Major supplier of professional electric tools for light construction and building installations
- Focus on innovation
- Growth by increasing use-of-products revenues and by geographic expansion

Capital Markets Day
November 12, 2003
www.atlascopco-group.com

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2 Businesses - 4 Divisions
- Industrial power tools - mainly for assembly
- Electric power tools - mainly for installations
- Milwaukee Electric Tools
- Atlas Copco Electric Tools
- Atlas Copco Tools & Assembly
- Chicago Pneumatic

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Industrial:
- Assembly/tightening & material removal
- Run time 10 X
- High precision
- In use all the time
- Light & ergonomic
- Certain shift to battery tools
- Price: 10 X
- Sold direct to industry (and via distributors)
- Market size: 2 BUSD
- After sales service important

Electric:
- Building installations
- Run time X
- Durable and robust
- In use now and then
- Less heavy, ergo design
- Strong trend to battery
- Price X
- Sold via distributors
- Market size: 10 BUSD
- Accessory sales important

Relationship between IT Divisions
- Chicago Pneumatic
- Atlas Copco Electric Tools
- Atlas Copco Tools & Assembly
- Milwaukee

Common matters: Distribution, product components, manufacturing and logistics, battery technology

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Quarterly Growth and Profitability: 1998 - Q3 2003 - including all restructuring charges
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Q3 2003

- Revenue volume down 2%
  - Up for industrial tools in all regions except North America but down for professional electric tools
- Restructuring projects on track and contributing to recent margin improvement
- Operating margin at 10%
  - Product cost reductions and favorable sales mix offset negative currency effects

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Orders received per region and trend in Q3 2003

Industrial Power Tools
**Motor Vehicle Industry - MVI**

*Strong Position - Continued Growth*

- Every third motor vehicle in the world (but Asia) is assembled by Atlas Copco’s tools and tightening systems (primarily under the Atlas Copco brand).

**Light Assembly and Aerospace**

- Strong base with all brands.
- Good growth possibilities.
- Certain shift from air tools to DC electric tools.

**Automotive After-Market**

- High market shares but stagnant business in the 90’s. Now “Back to basics” - leveraging the CP brand with upgraded products.

- Core Markets
  - Service, car
  - Service, truck
  - Tyre shop
  - Body shop
  - Specialty shop

- Example of new innovative product: CP 7750.
Material Removal

- Very strong position in grinding tools with several brands

Brazor
New super strong electric grinder with Tensor motor

Industrial Tools for Manufacturing

Estimated Market - 1,400 MUSD World Potential

- By type of tools
- By world region

Driver for profitable growth

DC electric tools

- Bring innovations and changes to the industry
- Bring new products and concepts
- Bring rethinking in the sales and marketing organization
Industrial Power Tools

*Estimated world markets for pneumatic industrial tools and DC Electric Tools*

[Graph showing market data for Pneumatic Industrial Tools and DC Spindles from 1980 to 2005.]

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DC electric tools

2004 - a year of massive product launches

- Tensor ST nutrunner range
  - Build more cars at lower cost

- The CPD screwdriver
  - Error proofing in Tier 1 and white goods

- Express Multiple Nutrunners
  - Cost efficient multiples

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Video

- Now we invite you to do a video-visit to the Motek Fair (*Montage Teknik* held in Germany in September.)
- Here Aass Copco Tools and Assembly Division demonstrates its concept of "error proofing" for a wide audience.
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Professional Electric Tools

Estimated Market Size $5.7 Billion

- $2.1 Billion
- $1.9 Billion
- $1.3 Billion
- $0.2 Billion

Estimated Market Position

1. Bosch
2. DeWalt
3. Makita
4. Milwaukee - AEG - Atlas Copco
   - Hitachi
   - Hilti
Driver for profitable growth

*Battery electric tools (cordless tools)*

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**Development stages**

- **First stage**
  - Cordless driver-drills. 9V and 12V batteries. Consumer and professional tools. Large volumes.

- **Current stage**
  - Cordless heavier drills and saws using 18V and 24V batteries.
  - ~50% of professional cordless market in North America is now in this segment, but only ~15% in Europe.

- **Future stage**
  - 24-40V cordless tools, i.e., cordless hammers, large drills, heavy saws and grinders.

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**18V Cordless Sawzall – 6515-21**

- 1" (25mm) stroke, fast cutting
- Lock off variable speed trigger, 0-2400 strokes per minute, fast cutting
- Cuts up to 60 2x4’s in a single charge
- Quik-Lok blade clamp for fast/easy blade changes
- Adjustable shoe – fast/easy, better control of cuts, extends blade life.

Compare with the corded Sawzall
### 18V Hatchet Sawzall

- The first “foldable” reciprocating saw
- Almost 150,000 saws have been sold since the launch two years ago

### 18V Cordless (13mm) Impact Wrench – 9079-20

- 240 ft-lbs of torque – highest among cordless impact wrenches
- Lock off variable speed trigger, 0-1,400 rpm
- 2,200 impacts/minute
- All metal front housing for rugged durability
- Cushion grip for operator comfort and control

### 24V Cordless Hammer LokTor H24X

- A very powerful battery rotary hammer
- Highest in class blow energy with 2,3J
- Superior FIXTEC tool changing system
The power of the Milwaukee brand

- Milwaukee is the only premium brand on the US market
- Milwaukee gets a 10% price premium for most corded tools
- Other professional brands are all "main stream", with regards to price (and features)
- In Europe AEG is the second/third most known brand for Electric Tools. Milwaukee is since 2002 introduced in Europe.

Video

Milwaukee - Respect for the Trade Marketing Campaign

- "But, the biggest frustration for contractors and tradesmen are people who don’t value the knowledge, effort and experience it takes to build their homes, skyscrapers or bridges."
- "Their tools are important as well, and they rely on them each day to perform without fail."