Atlas Copco Group

Gunnar Brock, President and CEO
Contents

- Performance today
- Resilience
- Quo Vadis?

Businesses and Market Positions

Atlas Copco

Revenues and operating margin

12 month values, 2000-2004 pro forma, excluding divested businesses.
Atlas Copco
Growth – Orders received
Continuing operations (excl. Professional Electric Tools and Rental Service)

2003 2004 2005 2006 2007 Q1-Q3 2008

Organic growth, %
Structural changes, %
CAGR, 2003 - 2007, organic growth
CAGR, 2003 - 2007, total excl. currency

Innovative Solutions
Products
Services
Knowledge

Product Development
Share of revenues and product age

Compressor Technique
Construction and Mining Technique
Industrial Technique

18% 43%
23% 23%
41% 34%
> 6 years 3-6 years < 3 years
Sustainability Achievements

- More and new energy-efficient products
- Environmental impact, and health and safety aspects are addressed in all product development projects
- 91% of all product companies ISO 14001 certified
- Work-related accidents decrease further
- A higher proportion of recent graduates recruited are females
- The successful non-profit organization Water for All is expanding
- Recognition received from independent rating organizations

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What Provides Resilience in a Downturn?

- Diversification in terms of
  - Geographies
  - Industry segments
  - Customers
  - Products
- Aftermarket
- Outsourcing strategy
- Standardization
- Incremental investment steps
Capital Equipment and Aftermarket Revenues

![Graph showing the trend of capital equipment and aftermarket revenues from 2003 to September 2008.](image)

Aftermarket Focus

- Components
- Products CMT
- Research
- Development
- CT

Customer Share

- Low
- High

Scope

- Preventative Maintenance
- Reactive Maintenance
- Fix Price activities
- Monitoring – Condition Based Maintenance

Worldwide Presence

Global development, manufacturing, sourcing strategy

![Map showing the worldwide presence of Atlas Copco.](image)
Incremental Investment Strategy

Capital efficiency

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Quo Vadis?

Growth Strategy
- ~ 2/3 organic growth
- ~ 1/3 acquired growth

Organic Growth
Broader value proposition and increase presence and penetration
- Segmentation
- Differentiation
- Positioning
Organic Growth
Product and brand offer
- Capital equipment
- Consumables
- Accessories
- Aftermarket

Organic Growth
Channel development
- Direct
- Indirect
- Rental

Distributor Acquisitions 2002 – Today

Sales (MSEK)

<table>
<thead>
<tr>
<th>Year</th>
<th>Acquisitions</th>
<th>Number of acquisitions</th>
<th>Acquired revenues</th>
<th>Group revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>1</td>
<td>50</td>
<td>0.5%</td>
<td>700</td>
</tr>
<tr>
<td>2003</td>
<td>1</td>
<td>62</td>
<td>0.4%</td>
<td>600</td>
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<tr>
<td>2004</td>
<td>2</td>
<td>111</td>
<td>1.2%</td>
<td>500</td>
</tr>
<tr>
<td>2005</td>
<td>3</td>
<td>200</td>
<td>0.5%</td>
<td>400</td>
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<tr>
<td>2006</td>
<td>1</td>
<td>200</td>
<td>0.1%</td>
<td>300</td>
</tr>
<tr>
<td>2007</td>
<td>4</td>
<td>400</td>
<td>0.3%</td>
<td>200</td>
</tr>
<tr>
<td>2008</td>
<td>3</td>
<td>300</td>
<td>0.2%</td>
<td>100</td>
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</tbody>
</table>
Operational Efficiency

- Customer centricity
- Sales force efficiency
- Production and supply efficiency
- Capital efficiency

Why Aftermarket?

- High growth potential
- High profit potential
- Stable revenue stream
- Optimized business processes
- Enhanced product development
- Closer relation with end users
- Satisfied customers

Aftermarket

- Organizational separation and focus
- Substantial increase in installed machine base
- Emerging market clients gradually embrace to outsource aftermarket activities
- Move up the service ladder
**Aftermarket**

- Machine population and penetration could add 2 – 4 BSEK/year

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**Acquisitions**

- Equipment
- Distributors
- Consumables
- Accessories
- Aftermarket/Service

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**Acquisitions**

- Geographic expansion
- Market presence/penetration
- Close product/market/brand gap
- Expand product range
- Increase scope of supply
- Channel to market
- Technology/expertise
- Diversification based on existing knowledge and synergy potential
Acquisition Strategy
Economic distance from the core – measured on five dimensions

<table>
<thead>
<tr>
<th>Economic Distance</th>
<th>Shared customers</th>
<th>Shared costs</th>
<th>Shared channels</th>
<th>Shared competitors</th>
<th>Shared capabilities/technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core</td>
<td>Full Share</td>
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<td>Full Share</td>
<td>Full Share</td>
<td>Full Share</td>
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<tr>
<td>1 step away from home</td>
<td>Partial Share</td>
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<td>Partial Share</td>
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<td>Partial Share</td>
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<tr>
<td>2 steps away from home</td>
<td>No Share</td>
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</table>

Source: Bain & Company

Near-term Outlook
Published October 23, 2008

The overall demand for Atlas Copco’s products and services is expected to decrease somewhat compared to the most recent quarters. Demand from the mining industry is foreseen to decrease from the current high level and construction in North America and Western Europe will remain weak. The recent strong growth in emerging markets is expected to moderate.
Where Do We Go from Here?

+ Atlas Copco's resilience
+ Fiscal stimulus, infrastructure

- Financial crisis
- Recession

Cautionary Statement

“Some statements herein are forward-looking and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially effected by other factors like for example, the effect of economic conditions, exchange-rate and interest-rate movements, political risks, impact of competing products and their pricing, product development, commercialization and technological difficulties, supply disturbances, and major customer credit losses.”