Atlas Copco Compressor Technique

Ronnie Leten, Business Area President
Agenda

- Where we are – What we do?
- Growth drivers
- Supply Chain development
- Product development

Revenues and operating margin

- Strong direct presence in BRIC and African countries
- Growth potential in Aftermarket sales
- High focus on energy saving products

Revenue diversity

- 8% Generators / Specialty rental
- 58% Compressed air equipment & solutions
- 27% Aftermarket / OEM parts & service
- 7% Gas compressors
Our presence

Top 3 markets: 1. USA  2. China  3. Germany

Countries covered by Atlas Copco's customer centers MANUFACTURING FACILITIES Share of orders received Sept. 2008

What are the growth drivers in the Compressed Air business?

Growth drivers
- Market penetration / share
- BRIC countries and Africa
- Global business trends
- Aftermarket

Supported by
- Supply Chain development
- Innovations

Specifically, what are they for our Compressor Technique?
Market penetration / share
Geographical areas with "low" market share show potential

OUR ACTIONS
- Improve present structure
- Develop market channels: more, well trained "Feet on the Street" / more distributors / multibrand
- Acquisitions

High potential: BRIC, Africa & Middle East

- Channel development and multi-brand
- Achieve high product & service penetration
- Adapt and improve product offer
- Expand Supply Chain capabilities
- Air Academy: focus on people development

Invest in densification
China
New offices: +7
New dealers: +96
Dedicated gas & process factory in China

Invest in densification

Supply Chain development

is on top of the agenda

- Shorten the Supply Chain
  - More products produced in China and India

- Global Sourcing
  - Component sourcing out of China and India

- Regional distribution centers to support our worldwide service operations
  - Deliveries of spare parts
Regional distribution centers

What are the global trends in the market? & how can these trends influence our growth?

Global trends in the compressor market

TOTAL SOLUTIONS PROVIDER
- reliable - economic - automated

REDUCE LIFE CYCLE COST
- energy savings - reduced CO2 emissions

NORTHERN ENVIRONMENTAL AWARENESS
- energy savings - reduced CO2 emissions
Global trends in the compressor market

The demand of the market for a complete solution provider drives us to extend our offer.

Since the last 2 years

We have extended our offer for high pressure applications

- CNG
- High pressure Air compressors (+200 bar)

The demand for higher quality of air has supported our growth in air treatment

- Extend our offer
- Acquisition Pneumatech
- New factory in China
The investment in expanders has allowed us to penetrate in new market segments such as:

- Geothermal
- Pressure let down
- CO₂ Capture and Storage (CCS)
- FPSO (floating LNG production)

Global trends in the compressor market

Energy Efficiency is on everybody’s agenda, and offering the best compressor installation / solution requires the mastering of many technical capabilities.

Master technical capabilities
Global trends in the compressor market

Reduce Life Cycle Cost
energy savings, reduce CO2 emissions.

With higher energy prices, Life Cycle Cost management becomes much more important.

Reduce life cycle cost

10%
- Maintenance & installation

20%
- Compressor

70%
- Energy

SAVINGS POTENTIAL
- Durability / uptime
- Solutions
- Global support

Energy saving products will lead market trends!

MD
VSD
Petpack
New service products, coupled with a higher market penetration, support the aftermarket growth.

Growth in aftermarket is driven by 2 dimensions.

The strategy climbing the service ladder supported by a complete aftermarket offer.
Full scope air audit, focusing on energy savings creates a stable, profitable business

Summary outlook

- React to the present, but plan for the long term.
- Slow down in demand for small industrial compressors in Western Europe
- Cost reduction program in progress
- High focus on capital tied-up reduction
We are committed to your superior productivity through interaction and innovation.