Atlas Copco Group – Product Development

Ronnie Leten, President and CEO

Why Product Development?

- New products and solutions, a driving force in organic growth
- Increase customer value
- Long-term strategic importance
  - Stay ahead of competition
  - Support profitability and pricing
  - Stay ahead of trends and regulations

External Drivers for Product Development

- Safety
- Emissions
- Noise
- Vibration levels
- Energy efficiency
- Enhanced productivity
- Design and ergonomics
- Intelligent product concept
- Set the benchmark
Financial Commitment

- **R&D expenses (excluding amortization of capitalized expenditures)**
- **% of revenues**

Vitality of the Product Portfolio

Share of revenues and product age

- **Compressor Technique**
  - > 6 years: 15%
  - 3-6 years: 45%
  - < 3 years: 38%

- **Construction and Mining Technique**
  - > 6 years: 46%
  - 3-6 years: 33%
  - < 3 years: 19%

- **Industrial Technique**
  - > 6 years: 35%
  - 3-6 years: 24%
  - < 3 years: 41%

Leverage Product Development – Result in Greater Presence

- **Best Product**
- **Best Channel**
- **Brand Promise**
- **Presence**
- **Local-based Affiliates**
Leverage Product Development
– Result in Greater Productivity

Leverage Product Development
– Result in Greater Energy Efficiency

Leverage Product Development
– Result in Lower Cost

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2009</th>
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<tbody>
<tr>
<td>Weight reduction</td>
<td>-16%</td>
<td>-54%</td>
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<tr>
<td>Capacity increase</td>
<td>+4%</td>
<td>+2%</td>
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Leverage Product Development – Result in Greater Safety

- Roofex Rock Bolts

Leverage Product Development – Result in Greater Ergonomics

- Tensor Revo
  - 50% lighter
  - 41% shorter
  - 30% faster

Comparison: ETP ST101-1000-25 vs. ETP S9-1000-25

6 kg
364 mm

Leverage Product Development – Result in Greater Customer Value
Summary

- Product development – a key to success
  - Core process
  - High focus
  - Increase investments

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 and adversely affected by other factors such as the effect of economic conditions, exchange-rate and interest-rate movements, political risks, the impact of competing products and their pricing, product development, commercialization and technological difficulties, supply disturbances, and major customer credit losses.”