Committed to Sustainable Productivity

Atlas Copco Capital Markets Day, December 1, 2010
Ronnie Leten, President and CEO

Atlas Copco
Quick facts

• Established 1873 in Stockholm, Sweden
• Three focused business areas
  ▪ Compressor Technique
  ▪ Construction and Mining Technique
  ▪ Industrial Technique
• Global presence
  In more than 170 countries
• Employees 1)
  32,152
• Annual Revenues 2)
  MSEK 66,416 (BEUR 7.3) (BUSD 9.9)
• Operating margin 2)
  18.7%
• Market capitalization 1)
  BSEK 154 (BEUR 17) (BUSD 23)
  Listed on NASDAQ OMX Stockholm and available as ADR in the United States

Symbols and Tickers

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Exchange</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATCO A</td>
<td>NASDAQ OMX</td>
<td>ATCO a.ST</td>
</tr>
<tr>
<td>ATCO B</td>
<td>NASDAQ OMX</td>
<td>ATCO b.ST</td>
</tr>
<tr>
<td>SE0000101032</td>
<td>ISIN code</td>
<td>SE0000122467</td>
</tr>
<tr>
<td>ATCOA SS</td>
<td>Bloomberg</td>
<td>ATCOA SS</td>
</tr>
<tr>
<td>ATCOB SS</td>
<td>Bloomberg</td>
<td>ATCOB SS</td>
</tr>
<tr>
<td>ATLKY.OTC</td>
<td>ADR (USA)</td>
<td>ATLSY.OTC</td>
</tr>
</tbody>
</table>

Quick facts:

• A leading provider of industrial productivity solutions, with three focused, profitable and strong industrial business areas
• Diversified sources of revenues and earnings: Worldwide presence, customer diversification, and strong and stable aftermarket business
• Focus on capital efficiency
• Solid growth of revenues and profits for decades
• Strong profitability and cash flow, also during financial crises
• Consistent strategy
• Well positioned for the future – fit for more
A leading provider of industrial productivity solutions

<table>
<thead>
<tr>
<th>Compressor Technique</th>
<th>Construction and Mining Technique</th>
<th>Industrial Technique</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 divisions</td>
<td>8 divisions</td>
<td>4 divisions</td>
</tr>
<tr>
<td>Product areas</td>
<td>Product areas</td>
<td>Product areas</td>
</tr>
<tr>
<td>Industrial compressors, compressed air treatment products, portable compressors and generators, gas and oil equipment, air treatment equipment and systems and equipment</td>
<td>Drilling rigs, rock drilling tools, mobile cranes, loading equipment, exploration equipment, construction tools, industrial material transport equipment</td>
<td>Industrial power tools and assembly systems</td>
</tr>
<tr>
<td>Revenues M SEK 10,356</td>
<td>Revenues M SEK 12,371</td>
<td>Revenues M SEK 15,042</td>
</tr>
<tr>
<td>Operating margin 22.3%</td>
<td>Operating margin 16.5%</td>
<td>Operating margin 15.8%</td>
</tr>
<tr>
<td>ROCE 68%</td>
<td>ROCE 31%</td>
<td>ROCE 36%</td>
</tr>
</tbody>
</table>

Diversified businesses

<table>
<thead>
<tr>
<th>Equipment and aftermarket*</th>
<th>Customer category**</th>
<th>Geographical distribution*</th>
</tr>
</thead>
<tbody>
<tr>
<td>60% Equipment</td>
<td>Other 20%</td>
<td>Americas 20%</td>
</tr>
<tr>
<td>40% Mining</td>
<td>Manufacturing</td>
<td>North America 20%</td>
</tr>
<tr>
<td>35% Manufacturing</td>
<td>Construction</td>
<td>Latin America 15%</td>
</tr>
</tbody>
</table>

* Orders received 12 months ending September 30, 2010
** Orders received 2009

What unites the Atlas Copco Group

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<tr>
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<tbody>
<tr>
<td>7 divisions</td>
<td>8 divisions</td>
<td>4 divisions</td>
</tr>
<tr>
<td>A shared vision and a common identity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The corporate culture and the core values: interaction, commitment and innovation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The sharing of brands, trademarks and channels to market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The sharing of assets and infrastructure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common processes and shared best practices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Using common services through internal and external service providers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial and human resources, and their free mobility within the Group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A common leadership approach</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The Group

Local companies

Benefits of a large Group
- Will operational entities with full responsibility for P&L and working capital

Agility of a small organization
- Fast response, flexibility

Local presence
- Application knowledge
- Focus on product development

Global presence
- Economies of scale
- Standardized products and processes
- Efficient production and logistics

Operational excellence
- Operational excellence
- Innovation

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Our business model – agile and resilient

Deteriorating business climate
- Reduce variable costs
- Working capital reduction

Improving business climate
- Add variable costs
- Working capital increase
- Small incremental investments

Agile operational setup

Variable cost structure
- Stable aftermarket business

Resilience

Time

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Consistent strategy

2000

Directions for Growth

Organic growth
- Asia

Use of products

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Atlas Copco Group – Q3 2010

- Strong order growth
  - Sequentially higher volumes in all regions and in most customer segments
  - Record order intake, again, in Asia, South America and Australia
  - Strong performance in aftermarket
- Record operating profit and margin
  - Revenue volume, sales mix, price, and efficiency measures gave support
  - Investments in market organization and logistics

Orders received – compared to the top quarter
Q2 2008 = 100

Compressor Technique – Q3 2010

- 25% organic order growth vs. Q3 2009
  - Continued strong demand for stationary and portable compressors
  - Strong growth in North and South America, Asia and eastern Europe
- Very strong development in aftermarket with high growth in emerging markets
- Operating margin at 26.0%
  - Positively affected by volume, efficiency improvements, sales mix, currency and price
- Acquisition of Cirmac in October
  - Biogas upgrading and gas treatment systems
Construction and Mining Technique – Q3 2010

- Strong growth in both equipment and aftermarket
  - 47% organic order growth vs. Q3 2009
  - Continued strong demand from the mining industry
  - Orders for construction equipment somewhat weaker than in Q2
- Operating margin at 17.8%
- MSEK 100 restructuring cost for consolidating production in Germany
- Record high operating margin, excluding restructuring, at 19.2%
- Acquisition of manufacturer of mobile crushers and screeners

Industrial Technique – Q3 2010

- Improved demand from all customer segments
- 45% organic order growth vs. Q3 2009
- Strong growth in Asia
- Rapid growth of aftermarket, particularly in emerging markets
- Operating margin increased to 20.2%
  - Positively affected by increased volumes and cost savings
- Acquisition of a distributor business in Michigan, the United States

Major trends

<table>
<thead>
<tr>
<th>Emerging markets</th>
<th>Energy and environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>China, India, Russia, Brazil and others</td>
<td>Energy efficiency / CO2 reduction</td>
</tr>
<tr>
<td>Infrastructure investments</td>
<td>New applications</td>
</tr>
<tr>
<td>Demand for raw material</td>
<td>Innovation</td>
</tr>
<tr>
<td>Urbanization</td>
<td>Productivity</td>
</tr>
</tbody>
</table>

- GDP Growth estimates

Source: OECD Economic Outlook No. 87 (June 2010)
Energy efficiency and environment

Everyone wins

- Customers increase their competitiveness
- More efficient use of energy results in a cleaner environment
- Profitable growth for Atlas Copco

A good example – energy recovery for compressors

Priorities

Profitable growth

- Presence in growth markets
- Developing our service business
- Continued innovation
- Operational excellence

Worldwide presence 2002 vs Sept. 2010

The shift

- Share of orders received 2002 (profitable operations)
- Share of orders received 12 months until September 30, 2010

- Average exchange rates
The shift

<table>
<thead>
<tr>
<th>Year</th>
<th>USA</th>
<th>China</th>
<th>Brazil</th>
<th>India</th>
<th>Russia</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>10%</td>
<td>20%</td>
<td>5%</td>
<td>5%</td>
<td>10%</td>
<td>30%</td>
</tr>
<tr>
<td>2006</td>
<td>20%</td>
<td>30%</td>
<td>10%</td>
<td>5%</td>
<td>10%</td>
<td>30%</td>
</tr>
<tr>
<td>2008</td>
<td>10%</td>
<td>40%</td>
<td>10%</td>
<td>5%</td>
<td>5%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Orders received, continuing operations. OECD data excludes Chile, Slovenia and Israel, members from 2010.

Making China our home market

Market leadership, Global center of excellence, Infrastructure and people.

Aftermarket growth

Characteristics:
- High growth potential
- High profit potential
- Stable revenue stream
- Optimized business processes
- Enhanced product development
- Closer relationships with customers

12 month revenues. Aftermarket includes consumables and rental.
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
- Core process
- Strong focus

Product development in Asia

- Sophistication/technology level must be adjusted to the local need
  - Local design, development and manufacturing
  - This will intensify going forward
- To have an offer for various segments
  - Multiple brand strategy
  - It is not enough to have only “one offer”
  - Proven successful, also in down-times
Operational excellence

- Flows
  - Information
  - Cash
  - Material/goods
- Regional manufacturing
- Regional distribution
- Quality in processes
- Leverage core competencies

Operational excellence

Leverage core competencies

- Design competence “in-house”
- Share capacity and competence with partners
- Leverage the innovations of the partners in our products/services
  - Open innovation

Organic growth and acquisitions

\[
\begin{align*}
\text{~ 2/3 organic growth} & \quad \text{~ 1/3 acquired growth} \\
\text{Capital equipment} & \quad \text{Geographic expansion} \\
\text{Consumables} & \quad \text{Market presence/penetration} \\
\text{Accessories} & \quad \text{Close product/market/brand gap} \\
\text{Aftermarket} & \quad \text{Expand product range} \\
\text{Multiple brand} & \quad \text{Increase scope of supply} \\
\text{Channel} & \quad \text{Channel to market} \\
\text{Multiple brand} & \quad \text{Technology/Expertise} \\
\text{Multiple brand} & \quad \text{Diversification based on existing knowledge and synergy potential}
\end{align*}
\]
Growth opportunities in Industrial Technique

- Automotive
- Off-road
- Asia
- Power & Energy
- Aerospace
- Service
- Electronics
- Globally

The way forward – profitable growth

Committed to sustainable productivity.
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.”