Opportunities for Industrial Technique

Atlas Copco Capital Markets Day, December 1, 2010

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Sustainable Productivity

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Agenda

Opportunities

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

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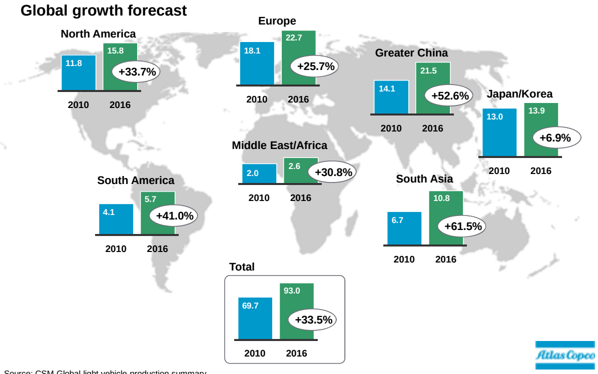
Automotive – trends and opportunities

Global growth forecast



Source: CSM Global light vehicle production summary.

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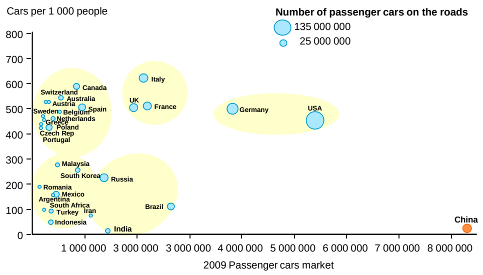
Automotive – trends and opportunities

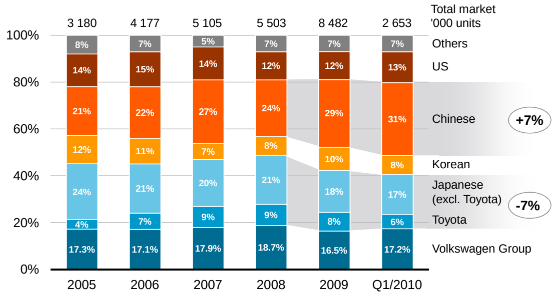


Automotive – trends and opportunities

- Car ownership in emerging markets
  - At around USD 10 000 GDP per capita, car ownership accelerates
- The growing middle class in many highly populated countries is estimated to contribute to accelerating car ownership
  - E.g. China, India, Malaysia, Thailand, Indonesia, Argentina, Brazil, Mexico, Russia, Turkey

Automotive – trends and opportunities

Car manufacturers in China



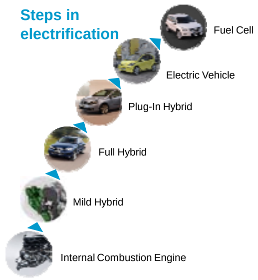
	2005	2006	2007	2008	2009	Q1/2010
Total market '000 units	3 180	4 177	5 105	5 503	8 482	2 653
Others	8%	7%	5%	7%	7%	7%
US	14%	15%	14%	12%	12%	13%
Chinese	21%	22%	27%	24%	29%	31%
Korean	12%	11%	7%	8%	10%	8%
Japanese (excl. Toyota)	24%	21%	20%	21%	18%	17%
Toyota	4%	7%	9%	9%	8%	6%
Volkswagen Group	17.3%	17.1%	17.9%	18.7%	16.5%	17.2%

Source: Volkswagen Group China

Automotive – trends and opportunities

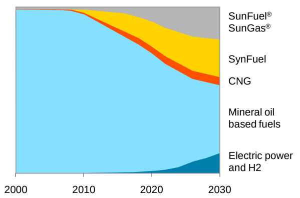
New fuel types

Steps in electrification



Energy carrier in mobility*

A European scenario



Source: *Volkswagen

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Asia – long term potential

2025 – China as an example

- 330 million more people in cities
- Midsize cities (1.5-5M) from 70 to 115
- 5 billion m² road to be paved
- 28 000 km of new commuter rail
- 20 000 – 50 000 new skyscrapers
- Energy demand doubled
  - From 14 to 22% of world consumption

Source: McKinsey Quarterly, 2008 No 3 / US Energy Information Administration, http://www.eia.doe.gov/

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Asia – opportunities

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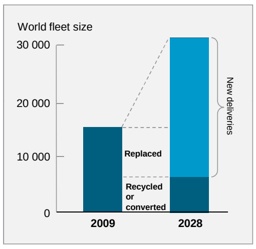
Aerospace

Aerospace – trends and opportunities

- Demand for 25 000 new large aircraft over the 2009 – 2028 period
- Production of aircrafts is expected to increase by approx. 10% annually 2010-2016
- Clear trend towards larger aircraft will positively affect demand for industrial tools

Passenger (>100 seats) and large freighter aircraft demand. Forecast 2009 – 2028



Sources: Airbus and AeroStrategy Management Consulting. Analyzed and processed by Atlas Copco November 2010.

Aerospace – trends and opportunities

- Weight reduction in new airplanes for increased fuel efficiency
- Increased use of composite and stack material -> higher demand on tightening and drilling
- Trend towards joints replacing rivets
- Automation and standardization to raise productivity in production
- Stronger focus on quality assurance

Tools for transformation

Electronics

Electronics – trends and opportunities

- **Electronics manufacturing is growing following a sharp drop in 2009**
  - Estimated annual growth is 5-6% until 2014
  - Better than average growth is estimated to be in industrial, medical, telecoms, dataprocessing and automotive end markets
  - Home appliances and audio & video is estimated to have lower growth
- **Asia is dominating the electronics manufacturing**

Electronics – trends and opportunities

- Smartphones designed with more screws, from 4-10 to 20-60 per phone
- Major cell phone manufacturers to increase output in 2011
- Hard disc drive segment maintains 20% growth 2011
- Car navigation systems expected to grow ~15% in 2011

Tools for transformation


Off-road
Construction & Mining Equipment
Agriculture & Forestry
Lifting and Handling Equipment
Engines
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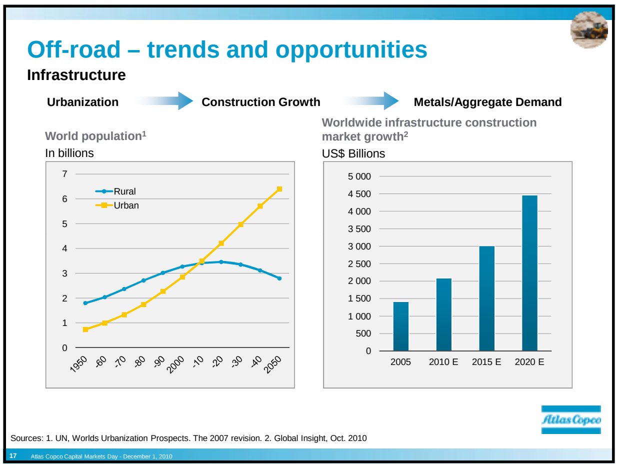
Off-road – trends and opportunities
Infrastructure
Urbanization
Construction Growth
Metals/Aggregate Demand
World population¹
In billions
Rural
Urban
0
1
2
3
4
5
6
7
1950
-60
-70
-80
-90
2000
-10
-20
-30
-40
2050
Worldwide infrastructure construction market growth²
US$ Billions
0
500
1 000
1 500
2 000
2 500
3 000
3 500
4 000
4 500
5 000
2005
2010 E
2015 E
2020 E
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Sources: 1. UN, Worlds Urbanization Prospects. The 2007 revision. 2. Global Insight, Oct. 2010
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Off-road – trends and opportunities
Transformation
2 operations – 3 persons
Poor quality control
Safety risk
1 operation – 1 person
Documented quality
Excellent ergonomics
Produce better quality
Produce faster with high flexibility
Secure operator well-being
Standardize process globally
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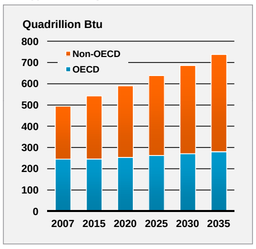
Power & Energy

Power & Energy – trends and opportunities

World market
energy consumption



Sources: EIA - International Energy Outlook 2010

Power & Energy – trends and opportunities

- Majority of applications require high torque assembly
- Assembly tools are critical to process performance and safety, however investment costs are low in relation to other costs
- Awareness of importance of correct tension is high
- Importance of process time

Tools for transformation

Service – trends and opportunities

- Outsourcing increases
- More advanced equipment require OEM service
- Global common solutions
- On-site service increases

Service – trends and opportunities

The value of a service contract

Engine plant producing 110 000 – 140 000 engines/year

	Year	Number of failures % over 12 months	Number of tools
No preventive maintenance	2005	32,0%	115
Standard preventive maintenance	2006	13,0%	115
RCM contract	2007	4,0%	198
RCM contract	2008	2,0%	300
RCM contract	2009	1,7%	300
RCM contract*	2010	0,7%	300

RCM = Reliability Centered Maintenance. *Q1-Q3 2010

Global opportunities

- Direct sales/specialist distribution
- Direct service
- Application centers
- Commonality in process, quality and service
- Application knowledge

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Summary

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Committed to sustainable productivity.

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