

### Opportunities for Industrial Technique



Atlas Copco Capital Markets Day, December 1, 2010  
Mats Rahmström, Business Area President

*Sustainable Productivity*




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### Agenda

#### Opportunities

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




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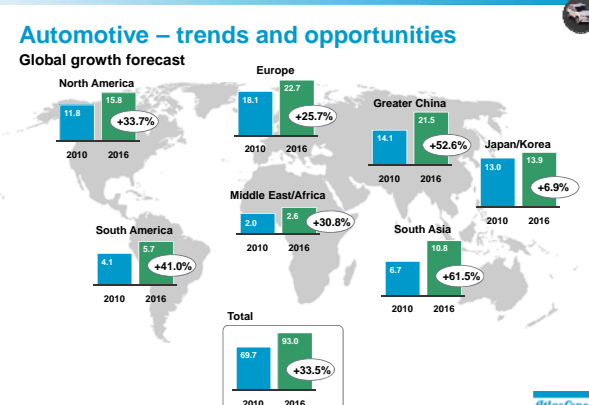
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### Automotive – trends and opportunities

#### Global growth forecast



Region	2010	2016	Change (%)
North America	11.8	15.8	+33.7%
Europe	18.1	22.7	+25.7%
Greater China	14.1	21.5	+52.6%
Japan/Korea	13.0	13.9	+6.9%
Middle East/Africa	2.0	2.6	+30.8%
South America	4.1	5.7	+41.0%
South Asia	6.7	10.8	+61.5%
<b>Total</b>	<b>69.7</b>	<b>93.0</b>	<b>+33.5%</b>

Source: CSM Global light vehicle production summary.




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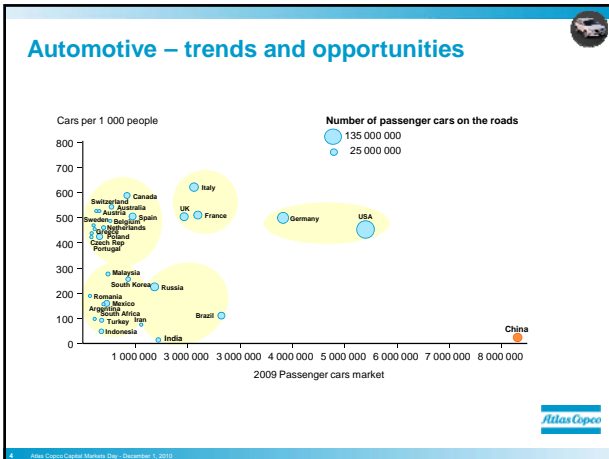
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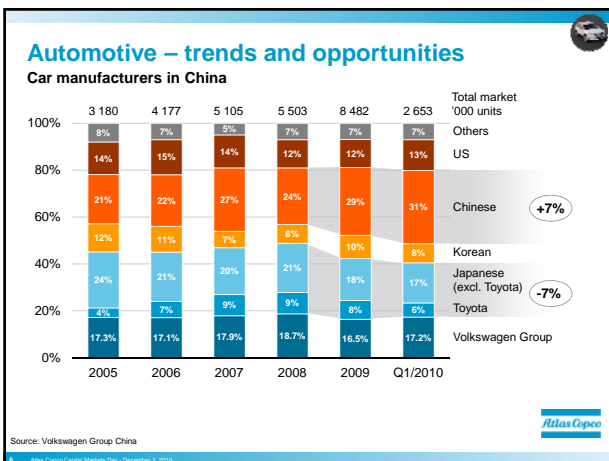
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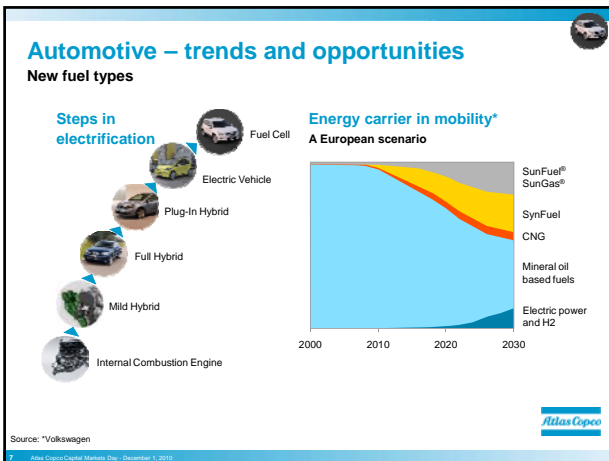
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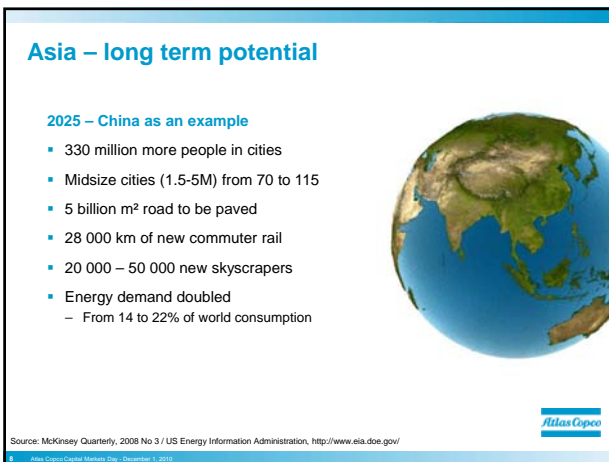
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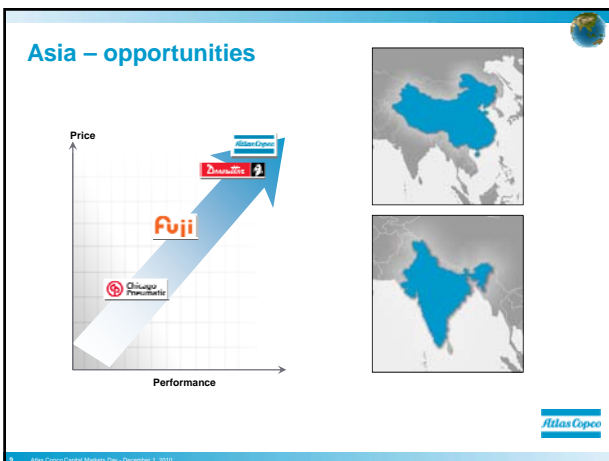
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### Aerospace

**Final assembly**

**Tiers (e.g. engines)**

**Defense**

**Aircraft maintenance and repair**

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### 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

Year	Recycled or converted	Replaced	New deliveries	Total Fleet Size
2009	~5,000	~10,000	~15,000	~30,000
2028	~5,000	~15,000	~20,000	~40,000

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

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### 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**

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### Electronics

Communications

Computing

Consumer electronics

Automotive electronics

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### 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**

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### 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

MicroFocus

MicroTorque Ergo

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### 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 population<sup>1</sup>  
In billions

Worldwide infrastructure construction market growth<sup>2</sup>  
US\$ Billions

Year	Market Growth (US\$ Billions)
2005	~1,500
2010 E	~2,200
2015 E	~3,000
2020 E	~4,500

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

Heavy engineering

Power Generation

Petrochem

Off-road and mining

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### Power & Energy – trends and opportunities

World market energy consumption

Year	OECD	Non-OECD
2007	~200	~300
2015	~200	~350
2020	~200	~400
2025	~200	~450
2030	~200	~500
2035	~200	~550

Sources: EIA - International Energy Outlook 2010

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### 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

Tensor Revo

LMS 68

LTP 61

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### Service – trends and opportunities

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




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### Service – trends and opportunities




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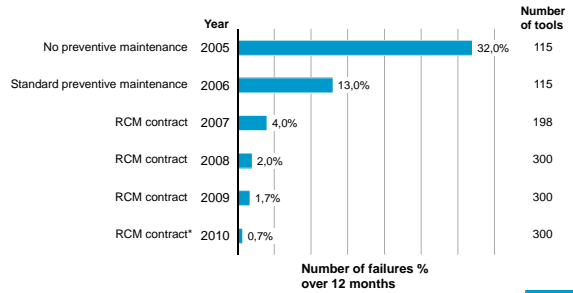
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### The value of a service contract

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



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### 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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