Systems solution provider to the Health Care sector

Capital Markets Day 2006

Ray Löfgren, President Industrial Air Division
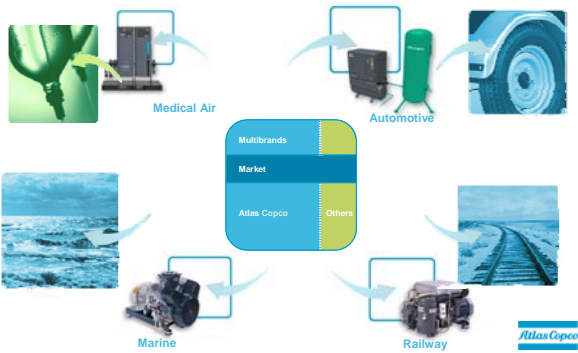
CONTENTS

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1. Focused segments for growth

Medical Air

Automotive

Multibrands

Market

Atlas Copco   Others

Marine

Railway

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1. Focused segments for growth

Developing the business

- Combining compressors, Quality Air Solutions, new filtration and separation technologies and control systems into application oriented solutions for specific customer groups
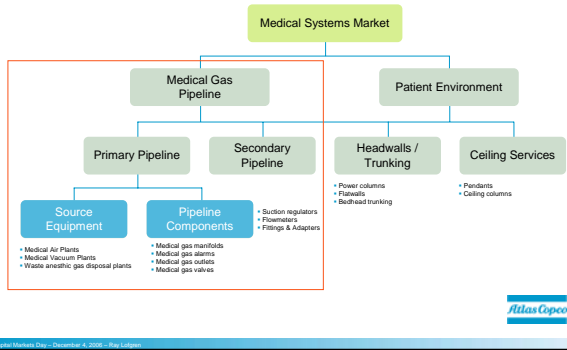
Medical air skid

Railway package

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1

2. The Market

Medical Systems Market

Medical Gas Pipeline

Patient Environment

Primary Pipeline

Secondary Pipeline

Headwalls / Trunking

Ceiling Services

- Power columns
- Flatwalls
- Bedhead trunking

- Pendants
- Ceiling columns

Source Equipment

Pipeline Components

- Suction regulators
- Flowmeters
- Fittings & Adapters

- Medical Air Plants
- Medical Vacuum Plants
- Waste anesthic gas disposal plants

- Medical gas manifolds
- Medical gas alarms
- Medical gas outlets
- Medical gas valves
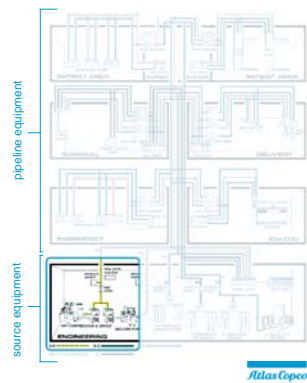
2. The Market

What are Medical Gases?

- They are Pharmaceuticals.
  - Governed by purity standards (the Pharmacopeia)
  - Dispensed by order of a physician.
- They are a critical component within the set of life supporting medical utilities.

  - The primary medical gases are:
    - Oxygen, Nitrous Oxide, Medical Air, Nitrogen, Instrument or Surgical Air and Medical Vacuum

2. The Market

Medical gas piping system

- A collection of equipment, pipes and wires which distribute and monitor medical gas and vacuum reliably and safely to the clinician.

pipeline equipment

source equipment

2. The Market
Growth drivers of the market

- Growing above average (> 7 % annually)
- Driven by population growth, quality of life, increasing age…

Growth drivers	Europe	N.America	Asia
Population growth			++
Increasing age	+	+	
Quality of life	+	+	++
Private clinics	+		
Advances technology	+	+	
Comply legislation	+		

+ importance

Average annual growth

Legend: GDP Europe, GDP US, Avg HC, HC Latin America, HC China

7%
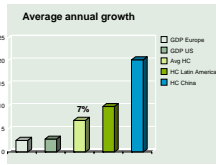
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2. The Market
Key success factors

Key success factors	USA	Europe	Asia
Comply w/legislation	++	+	++
Code management	++	++	++
Air and vacuum	++	+	
Cylinders		+	
After market	+	+	
Financial services		+	
Volume	+		
System management		+	

+ importance

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3. Products
Source Equipment

Medical Air System
NFPA 99 Code

SCROLL

Vacuum System

LUBRICATED ROTARY

Medical Air System
HTM Code

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3

3. Products

Pipeline components

Manifolds:
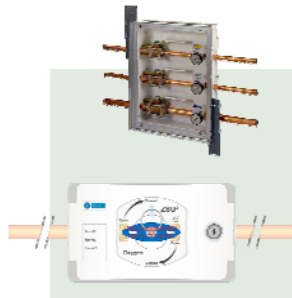controlling cylinder supply

Gas outlets:
plug in for any gas

3. Products

Pipeline components

Alarm panel
for a hospital zone

Valve service unit,
to isolate a zone

4. The Strategy for Business Development

Vision

- To become the number one global "Medical Systems" solutions provider.
  – Utilize existing "medical" expertise in the U.S. and U.K. centers of excellence
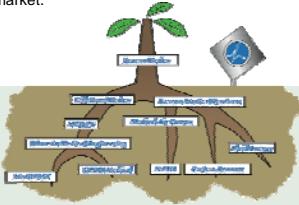 – Leverage both the global presence and manufacturing capabilities of Atlas Copco

4. The Strategy for Business Development

Growth via Acquisition

- BeaconMedaes and Medeas are the leading suppliers in the US and UK Primary Piped Medical Gas sector in the Medical Utilities Delivery Systems market.

4. The Strategy for Business Development

Actions

- Leverage Atlas Copco's global presence
- Leverage the Beacon Medeas market knowledge
- Invest in new product development
- Bring the 'oil-free air solution' to the medical sector
- Focus on high growth regions
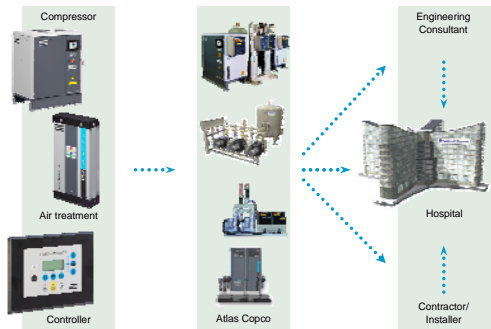- Apply the successful Beacon Medaes sales model

5. Atlas Copco's added value to the Business

From a fragmented supply…

…to single source supply

Compressor

Air treatment

Controller

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Engineering Consultant

Hospital

Contractor/ Installer

5. Atlas Copco's added value to the Business
Global presence

- Well positioned for this segment

24/7 connectivity

☐ Countries covered by Atlas Copco Customer Centers
● Production sites

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5. Atlas Copco's added value to the Business
Ability to deliver to all main norms and legislations

SGS

NFPA 99

Health Care Facilities

2005 EDITION

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6. Integration
Laying the Foundation for profitable growth

Growth

- Beacon Medeas
  - Marketing, sales and aftermarket through the Atlas Copco network

Profitability

- Operational excellence
  - Supply chain management
  - Maximize Atlas Copco content

Stability

- Implementing the right structure
  - Competence center
  - Product company and sales companies
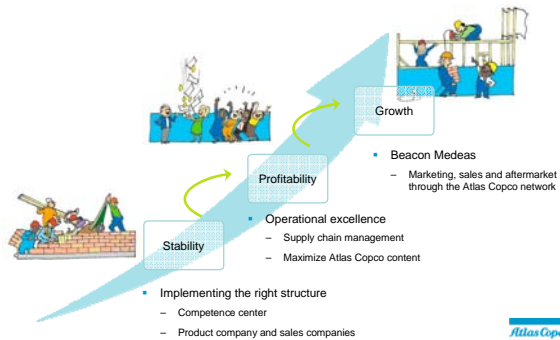
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7. Growth Opportunities

- **U.S. Market**
  - Continued market share improvement in selected geographic territories (focus on "Customer Share")
  - Development of the aftermarket

- **U.K. Market**
  - Market share improvement (focus on "Customer Share")
  - Development of the aftermarket

- **Focus countries**
  - Large upside in developing markets (China, India, Russia, Brasil ,Korea, Middle East)
  - Leverage existing compressor sales into medical systems solutions in Europe and other markets

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We are committed to your superior productivity through interaction and innovation.

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