

Atlas Copco Group



Atlas Copco Capital Markets Day, December 2, 2008

Gunnar Brock, President and CEO

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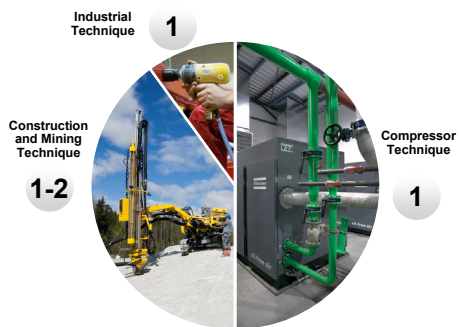
Contents

- Performance today
- Resilience
- Quo Vadis?

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Businesses and Market Positions

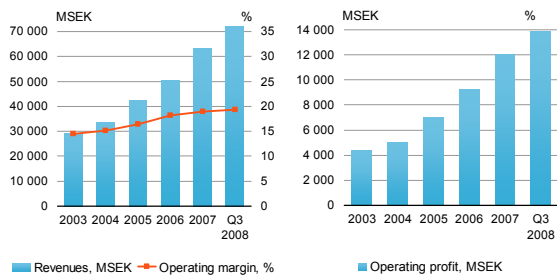


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Revenues and operating margin



12 month values, 2003-2004 pro forma, excluding divested businesses

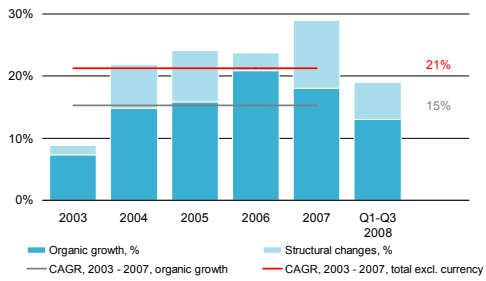
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Growth – Orders received

Continuing operations (excl. Professional Electric Tools and Rental Service)



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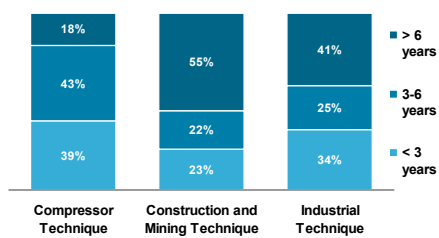
Innovative Solutions



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Product Development

Share of revenues and product age



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Sustainability Achievements

- More and new energy-efficient products
- Environmental impact, and health and safety aspects are addressed in all product development projects
- 91% of all product companies ISO 14001 certified
- Work-related accidents decrease further
- A higher proportion of recent graduates recruited are females
- The successful non-profit organization Water for All is expanding
- Recognition received from independent rating organizations



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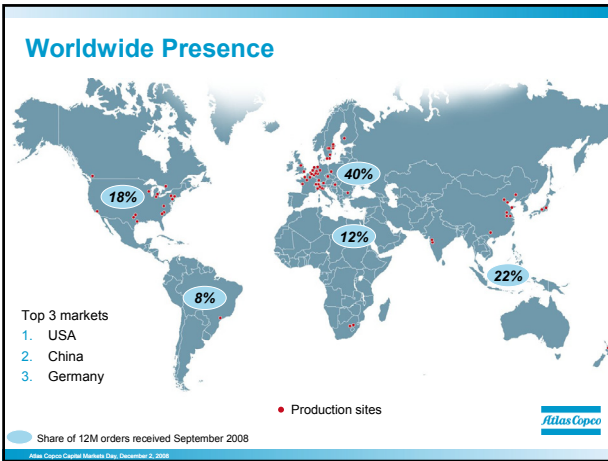
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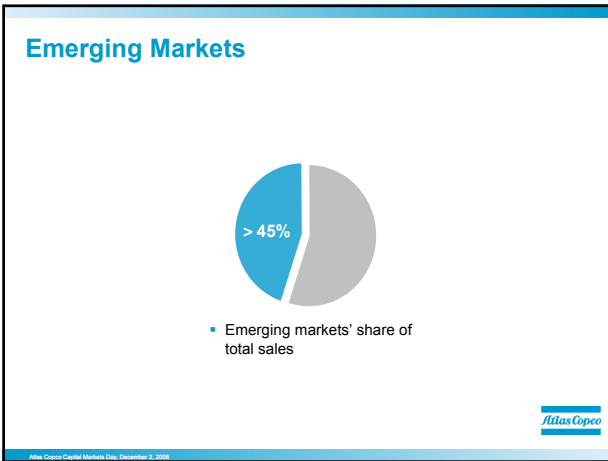
What Provides Resilience in a Downturn?

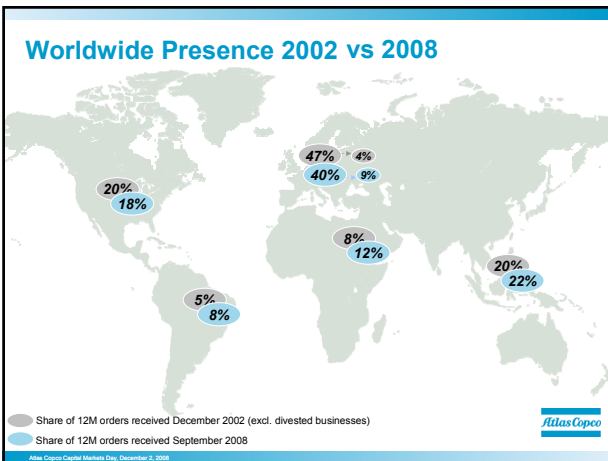
- Diversification in terms of
 - Geographies
 - Industry segments
 - Customers
 - Products
- Aftermarket
- Outsourcing strategy
- Standardization
- Incremental investment steps



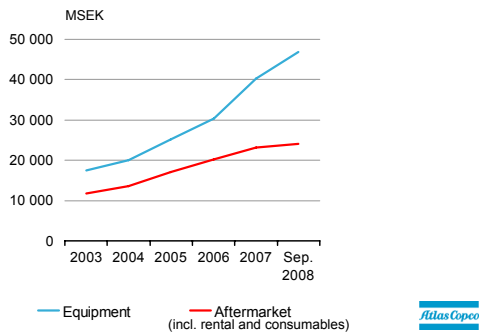
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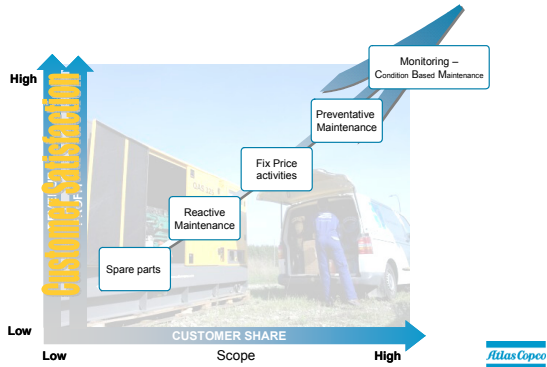
Capital Equipment and Aftermarket Revenues



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Aftermarket Focus

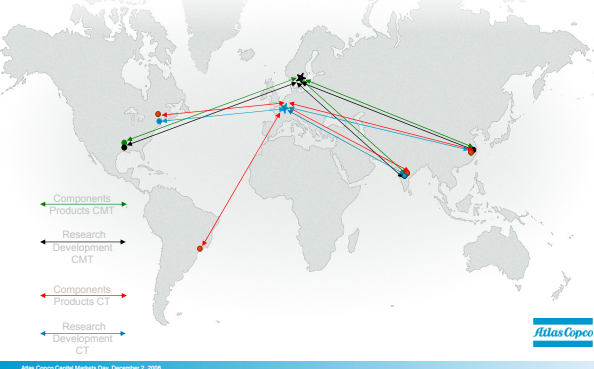


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Worldwide Presence

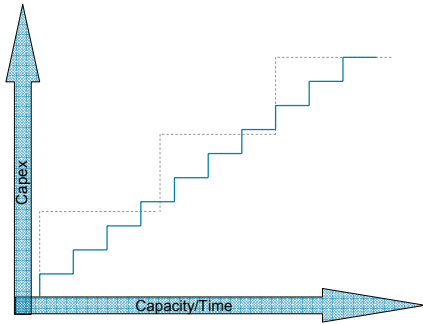
Global development, manufacturing, sourcing strategy



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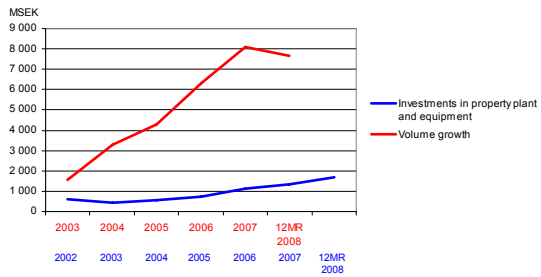
Incremental Investment Strategy



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Capital efficiency



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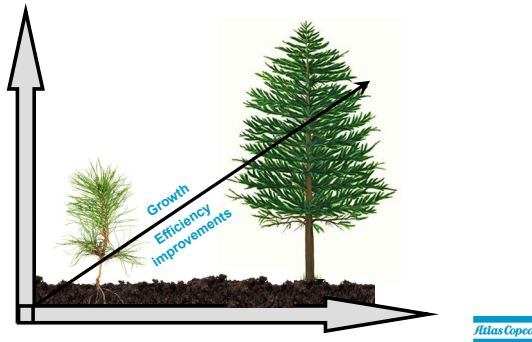
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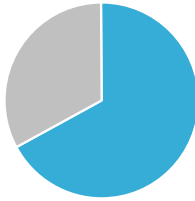
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Quo Vadis?



Growth Strategy

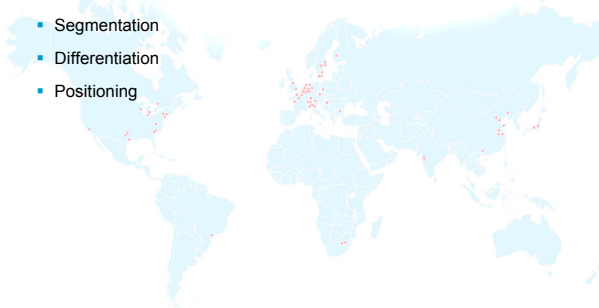
- ~ 2/3 organic growth
- ~ 1/3 acquired growth



Organic Growth

Broaden value proposition and increase presence and penetration

- Segmentation
- Differentiation
- Positioning



Organic Growth

Product and brand offer

- Capital equipment
- Consumables
- Accessories
- Aftermarket



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Organic Growth

Channel development

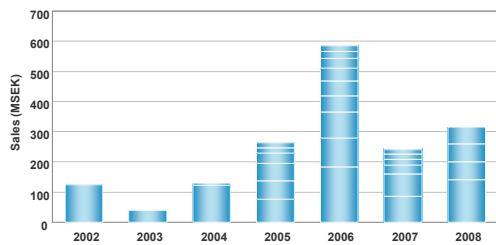
- Direct
- Indirect
- Rental



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Distributor Acquisitions 2002 – Today



Number of distr. acquisitions
Acquired revenues/
Group revenues

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Operational Efficiency

- Customer centricity
- Sales force efficiency
- Production and supply efficiency
- Capital efficiency



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Why Aftermarket?

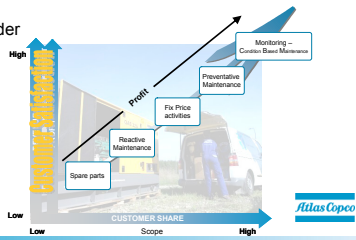
- High growth potential
- High profit potential
- Stable revenue stream
- Optimized business processes
- Enhanced product development
- Closer relation with end users
- Satisfied customers

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Aftermarket

- Organizational separation and focus
- Substantial increase in installed machine base
- Emerging market clients gradually embrace to outsource aftermarket activities
- Move up the service ladder



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Aftermarket



- Machine population and penetration could add 2 – 4 BSEK/year



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Acquisitions

- Equipment
- Distributors
- Consumables
- Accessories
- Aftermarket/Service



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Acquisitions

- Geographic expansion
- Market presence/penetration
- Close product/market/brand gap
- Expand product range
- Increase scope of supply
- Channel to market
- Technology/expertise
- Diversification based on existing knowledge and synergy potential



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Acquisition Strategy

Economic distance from the core – measured on five dimensions

	Shared customers	Shared costs	Shared channels	Shared competitors	Shared capabilities/technology
Core	●	●	●	●	●
1 step away from home	◐	◐	◐	◐	◐
2 steps away from home	◑	◑	●	◐	◐
3 steps away from home	○	◑	●	○	◐
Diversification	○	○	○	○	◐

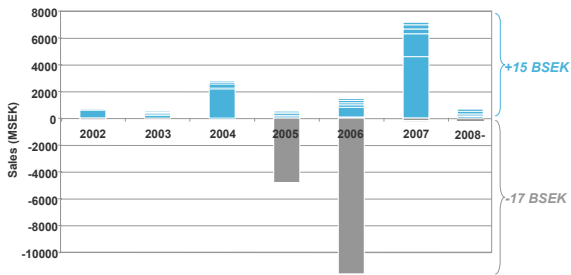
Source: Bain & Company

- Full Share
- ◐ Partial Share
- No Share



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Acquisitions and Divestments 2002 – Today



Number of Acquisitions (incl. disposals)

Number of Divestments

3	4	8	14	15	14	5
1	-	-	2	1	3	1



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Near-term Outlook

Published October 23, 2008

The overall demand for Atlas Copco's products and services is expected to decrease somewhat compared to the most recent quarters. Demand from the mining industry is foreseen to decrease from the current high level and construction in North America and Western Europe will remain weak. The recent strong growth in emerging markets is expected to moderate.



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Where Do We Go from Here?

- + Atlas Copco's resilience
- + Fiscal stimulus, infrastructure

- Financial crisis
- Recession



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The Atlas Copco logo, featuring the company name in a blue, italicized serif font, centered between two horizontal blue bars.

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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 effected by other factors like for example, the effect of economic conditions, exchange-rate and interest-rate movements, political risks, impact of competing products and their pricing, product development, commercialization and technological difficulties, supply disturbances, and major customer credit losses."

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