

Atlas Copco Compressor Technique



Atlas Copco Capital Markets Day, December 2, 2008

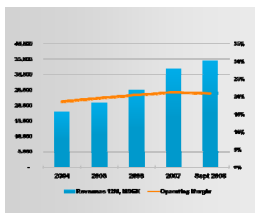
Ronnie Leten, Business Area President

Agenda

- Where we are – What we do?
- Growth drivers
- Supply Chain development
- Product development

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Revenues and operating margin



- Strong direct presence in BRIC and African countries
- Growth potential in Aftermarket sales
- High focus on energy saving products

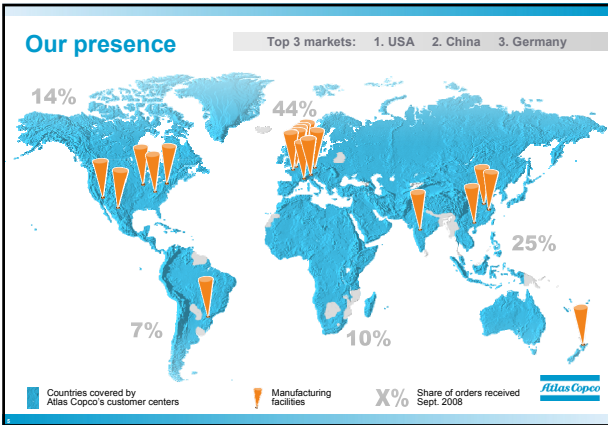
12 month values, 2006 pro forma, continuing business included in CT

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Revenue diversity



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What are the growth drivers in the Compressed Air business?

Specifically, what are they for our **Compressor Technique**?

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Growth drivers

Growth drivers

- Market penetration / share
- BRIC countries and Africa
- Global business trends
- Aftermarket

Supported by

- Supply Chain development
- Innovations

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Market penetration / share

Geographical areas with "low" market share show potential



OUR ACTIONS

- Improve present structure
- Develop market channels: more, well trained "Feet on the Street" / more distributors / multibrand
- Acquisitions

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High potential: BRIC, Africa & Middle East

- Channel development and multi brand
- Achieve high product & service penetration
- Adapt and improve product offer
- Expand Supply Chain capabilities
- Air Academy: focus on people development

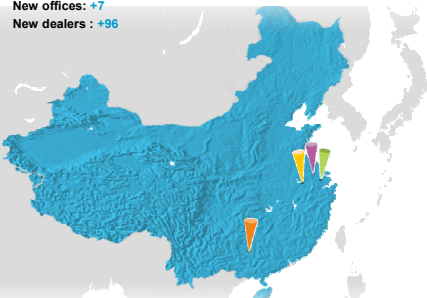


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Invest in densification

China

New offices: +7
New dealers: +96



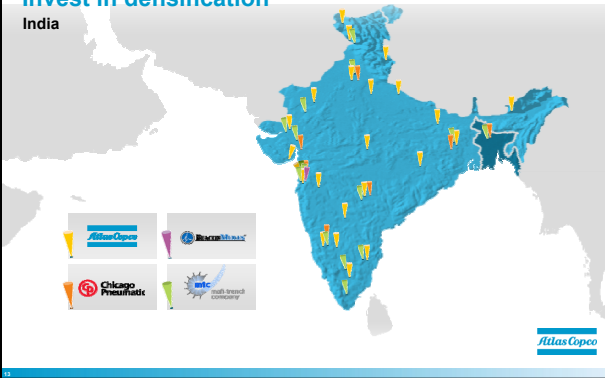
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Dedicated gas & process factory in China



Invest in densification

India



Supply Chain development

is on top of the agenda

Shorten
the Supply Chain



More products produced
in China and India

Global
Sourcing



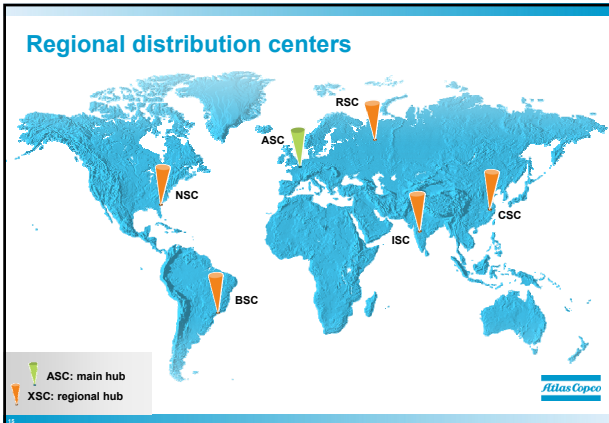
Component sourcing
out of
China and India

Regional distribution
centers to support our
worldwide service
operations



Deliveries
of
spare parts

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What are the global trends in the market?

& how can these trends influence our growth?

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Global trends in the compressor market

TOTAL SOLUTIONS PROVIDER globalization - specialization - aftermarket	INCREASED ENVIRONMENTAL AWARENESS energy savings - reduce CO2 emission	REDUCE LIFE CYCLE COST

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Global trends in the compressor market

TOTAL SOLUTIONS PROVIDER
globalization - specialization - aftermarket



The demand of the market for a complete solution provider drives us to extend our offer.



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Since the last 2 years

We have extended our offer for high pressure applications



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The demand for higher quality of air

has supported our growth in air treatment



- Extend our product offer
- Acquisition Pneumatech
- New factory in China

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The investment in expanders

has allowed us to penetrate in new market segments such as:

- Geothermal
- CO₂ Capture and Storage (CCS)
- Pressure let down
- FPSO (floating LNG production)



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Global trends in the compressor market

INCREASED ENVIRONMENTAL AWARENESS
energy savings - reduce CO₂ emission



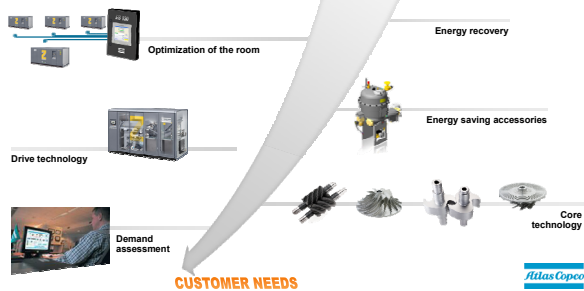
Energy Efficiency is on everybody's agenda, and offering the best compressor installation / solution requires the mastering of many technical capabilities.



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Master technical capabilities

WORLD CLASS SOLUTIONS



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Global trends in the compressor market

REDUCE LIFE CYCLE COST

energy savings - reduce CO2 emission



With higher Energy prices, Life Cycle Cost management becomes much more important.



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Reduce life cycle cost

10%

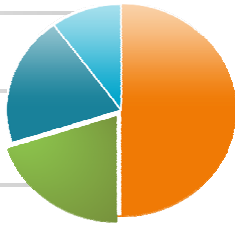
Maintenance & installation

20%

Compressor

70%

Energy



SAVINGS POTENTIAL

- Durability / uptime
- Solutions
- Global support

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Energy saving products will lead market trends!

MD



VSD



Petpack



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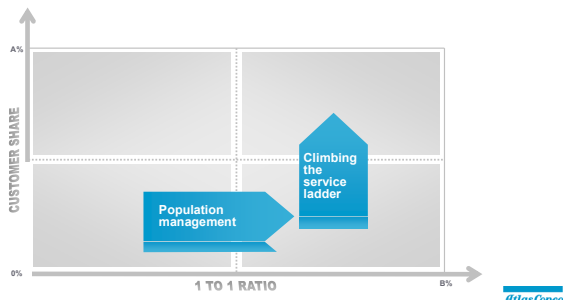
Aftermarket

New service products, coupled with a higher market penetration, support the aftermarket growth



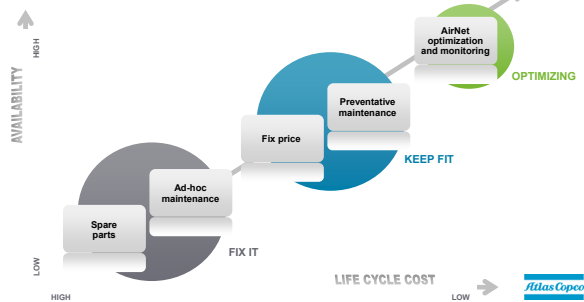
Growth in aftermarket

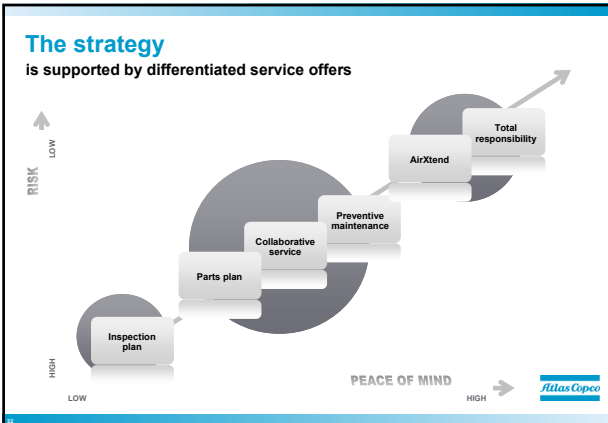
is driven by 2 dimensions

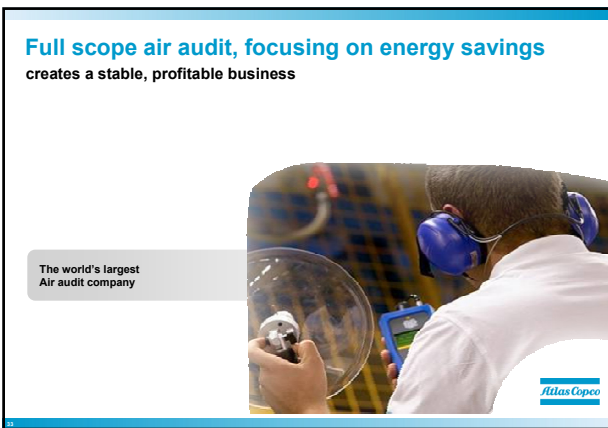


The strategy

climbing the service ladder supported by a complete aftermarket offer







- ### Summary outlook
- React to the present, but plan for the long term.
 - Slow down in demand for small industrial compressors in Western Europe
 - Cost reduction program in progress
 - High focus on capital tied-up reduction
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