Atlas Copco Industrial Technique

Capital Markets Day 2017

Henrik Elmin, Business Area President

Agenda

1. Facts in brief
2. Fundamentals
3. Trends and opportunities
   - a. Electric vehicles
   - b. Light-weighting
   - c. General industry
   - d. Smart factory
4. Summary

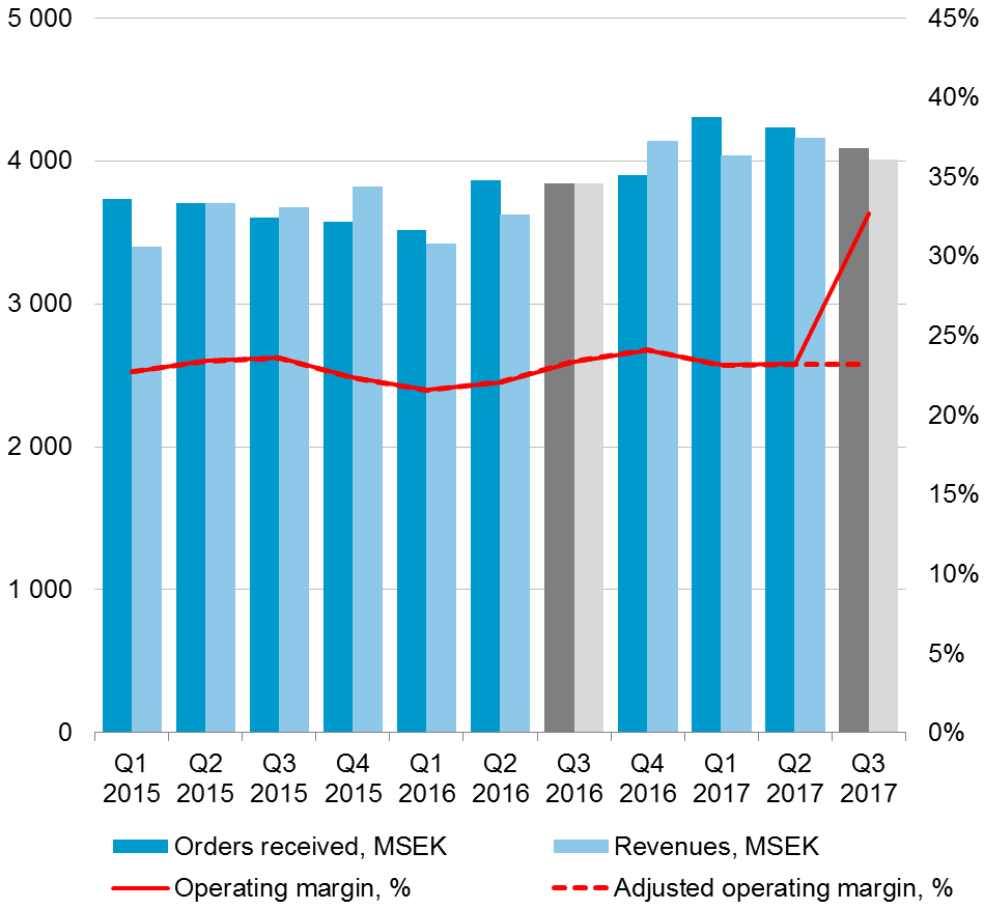
Industrial Technique

ROCE 43%

Growth drivers

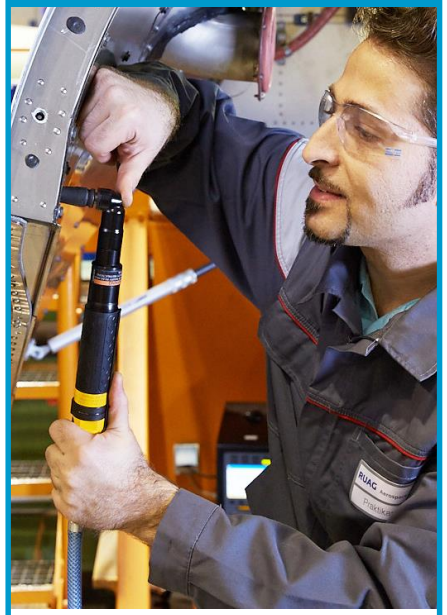
- Further developing the offer within assembly technologies
- Innovation is key
- Extend the service offer

Orders, revenues and operating margin



Helping our customers with critical processes

Tightening



Multiple industries

Drilling

Aerospace

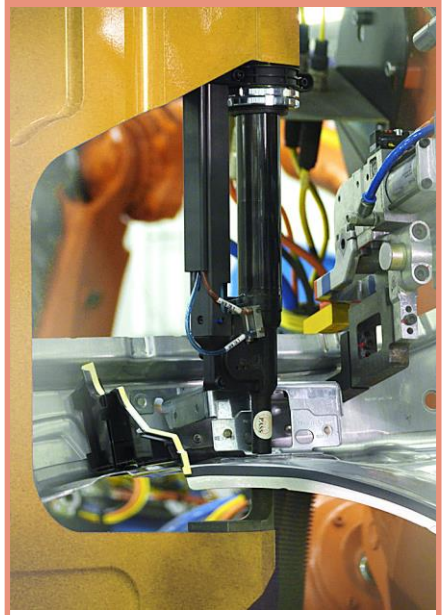
Material removal

Metal fabrication

Dispensing

Automotive

Self-pierce riveting



Automotive

Tightening: Multiple industries

Automotive

PowerTrain

Tiers

Electronics

White goods

Aerospace

Off-road

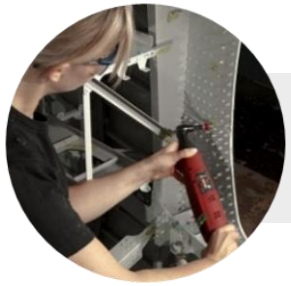
Energy

Vehicle maintenance

Business concept – General industry

Partner in assembly technology

Drilling



Tightening

Maintenance

Operator guidance

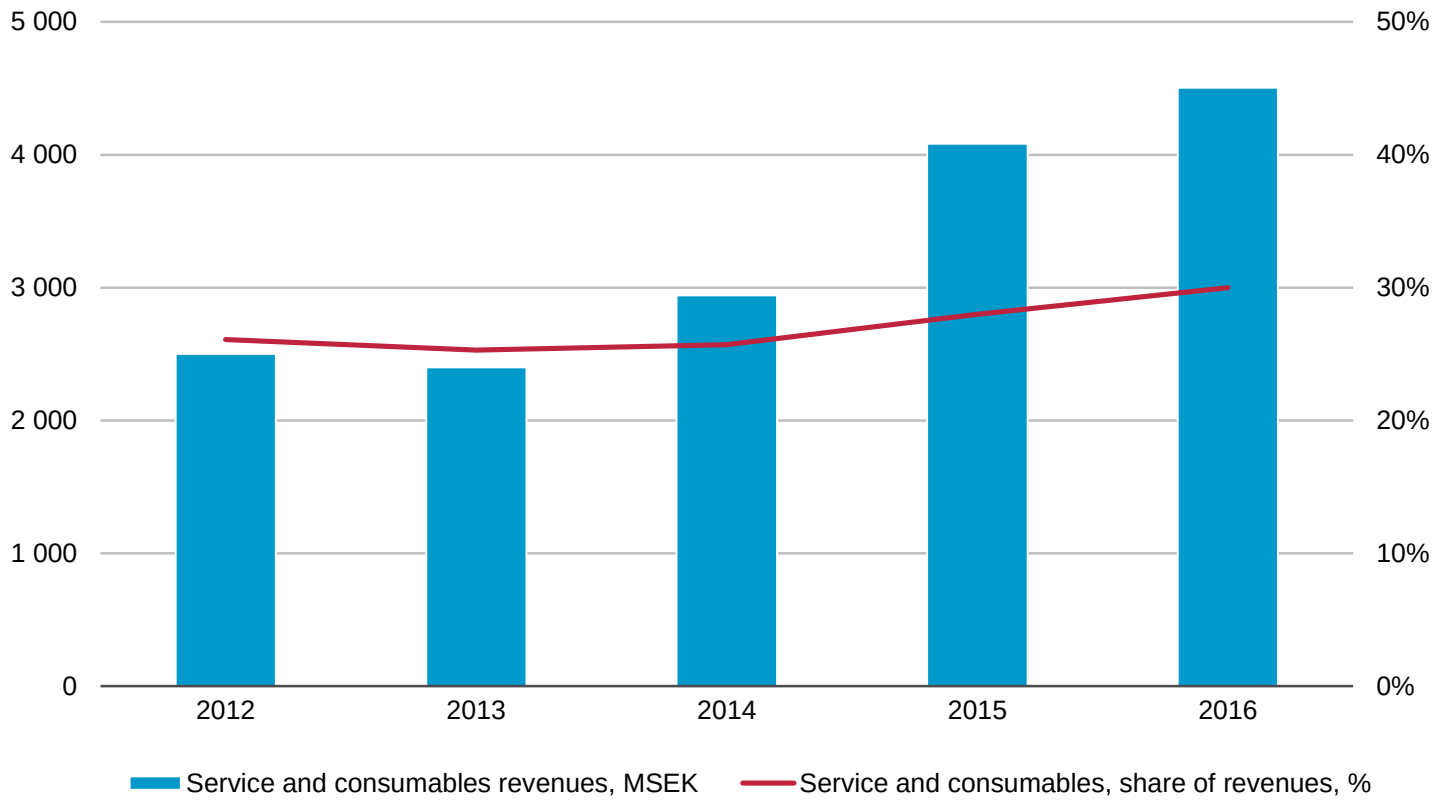
Quality assurance

Process Improvements

Industrial Technique – Service

CAGR 2012 - 2016 16%

Revenues from service, parts and consumables



Sustainable productivity in practice

HIGHEST ETHICAL BEHAVIOUR

COMPETENT TEAMS

SAFETY & WELL-BEING

INNOVATE FOR ENERGY EFFICIENCY

EFFICIENT USE OF RESOURCES

EXAMPLE **1**

The Henrob SPR **"Eco Controller"**

EXAMPLE **2**

The **SCA 5 step Material Efficiency Package**

EXAMPLE **3**

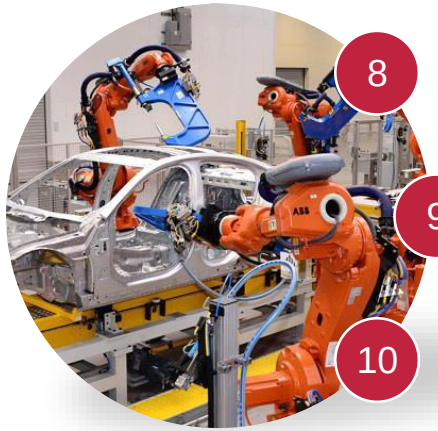
The **TBP Battery Pulse Tool System**

Trends

1. Quality assurance
2. Ergonomics / safety

5. Electric vehicles
6. Light-weighting
7. Electronics

3. Middle class growth
4. Emerging markets



8. Flexible lines
9. Automation
10. Data driven service

Strategic approach to acquisitions

SCA 2011

Adhesive systems and metering technology

SECO-TEC 2011

Drilling equipment

SYNATEC 2013

Quality control solutions

SALTUS 2013

Mechanical and electrical wrenches

RAPID-TORC 2013

Hydraulic torque wrenches and pumps

Tentec 2013

High torque bolting solutions

Henrob 2014

Self-pierce riveting

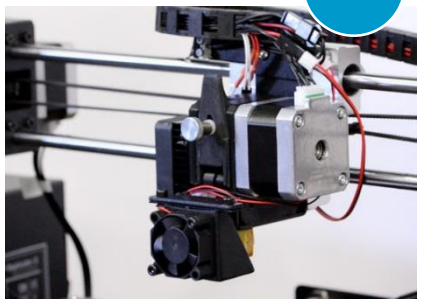
TITAN 2014

Hydraulic torque wrenches and pumps

PIVOTWARE 2015

Process control solutions

BONDTECH 2016



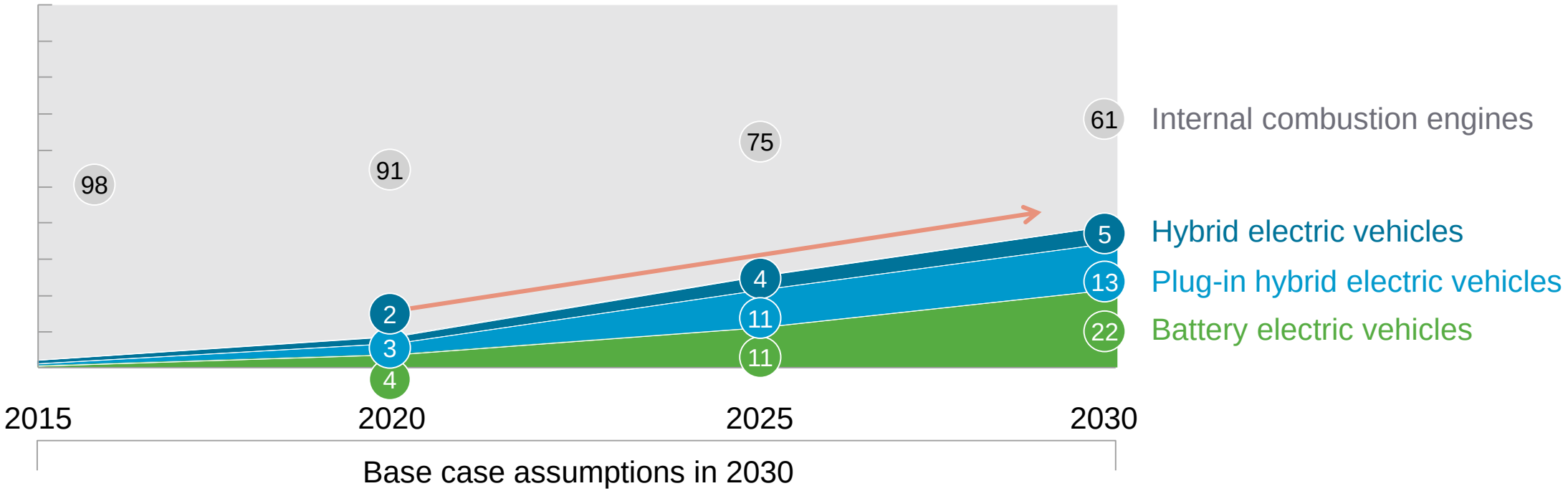
Adhesive dispensing equipment

What will be the impact of electric vehicles?

SIMPLIFIED

Base case

New vehicle sales by powertrain type, %



~90 USD/kwh

~70 g CO_2/km

~5% shared vehicle sales

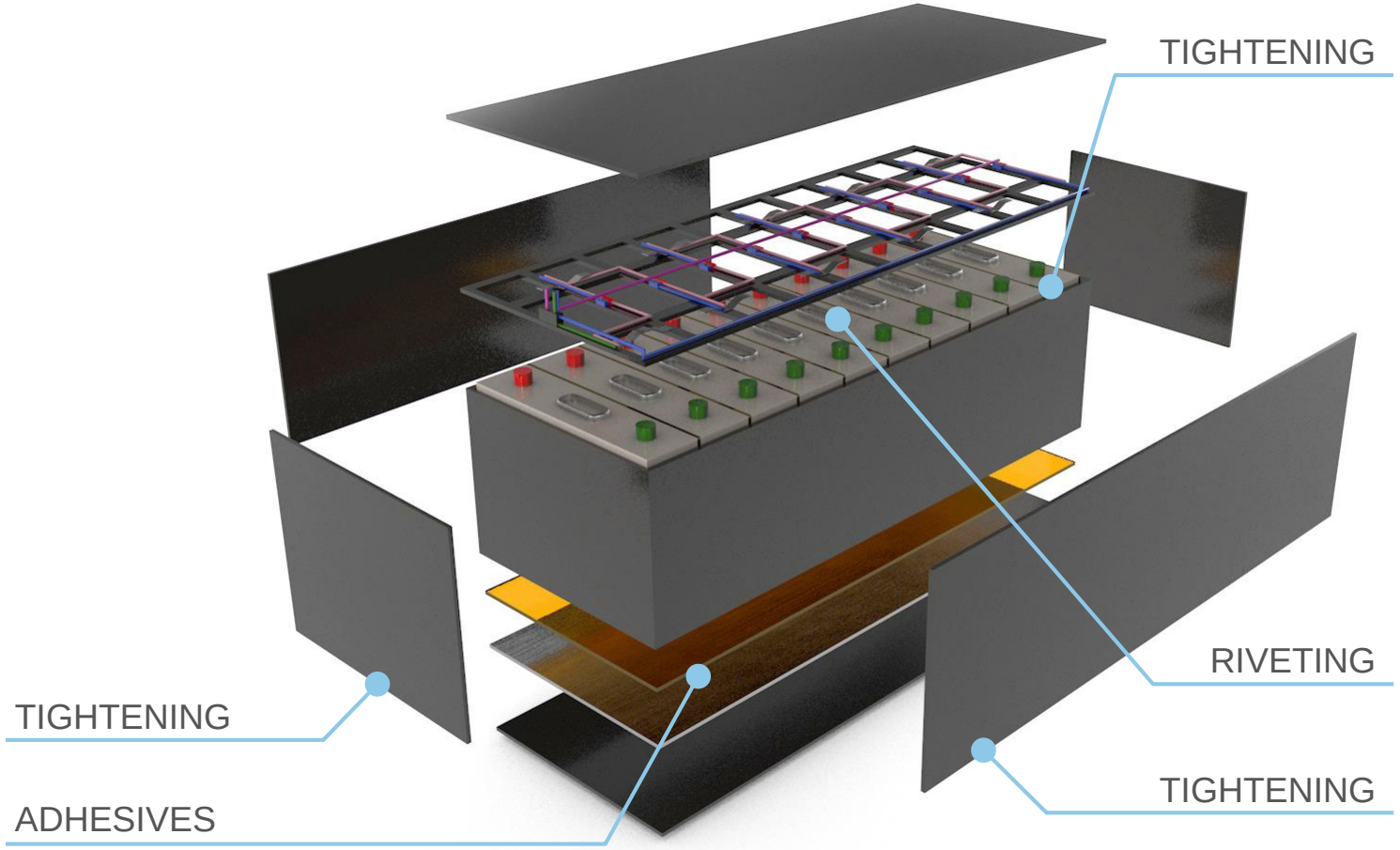
SOURCE: McKinsey 2017

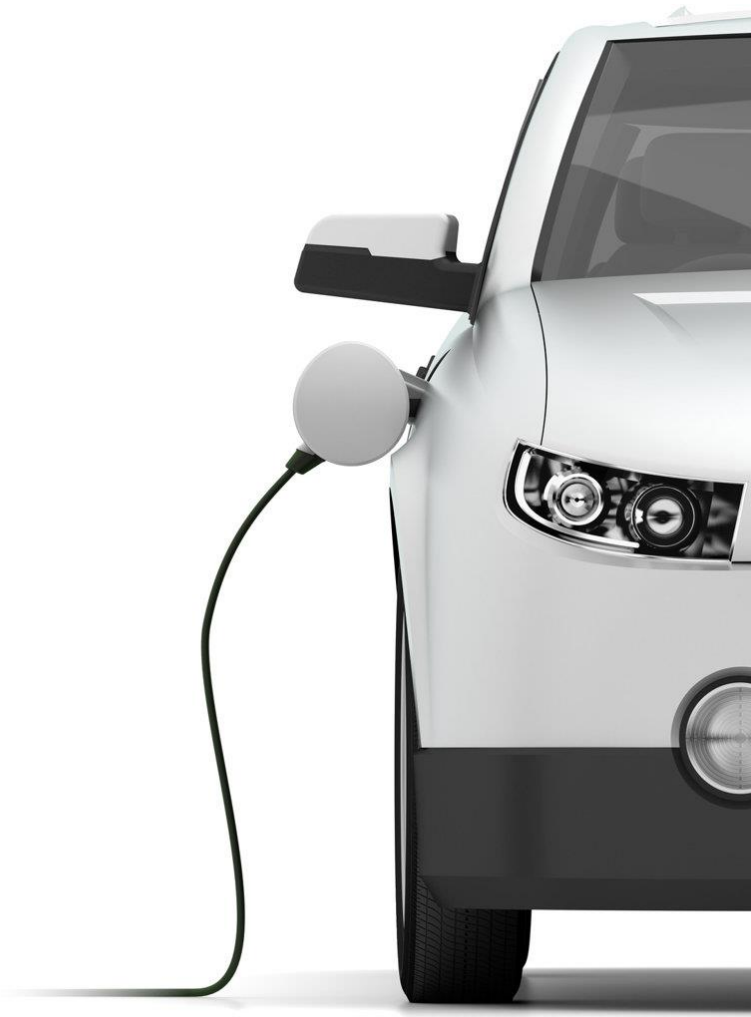
What will be the impact of electric vehicles?

	Body shop	Paint shop	Final assembly
Tier suppliers			
ICE powertrain suppliers			
E-powertrain			
Demand for Atlas Copco applications	P/HEV BEV	P/HEV BEV	P/HEV BEV

P/HEV: Plug-in/Hybrid Electric Vehicles
BEV: Battery Electric Vehicles

Electric vehicles will drive demand

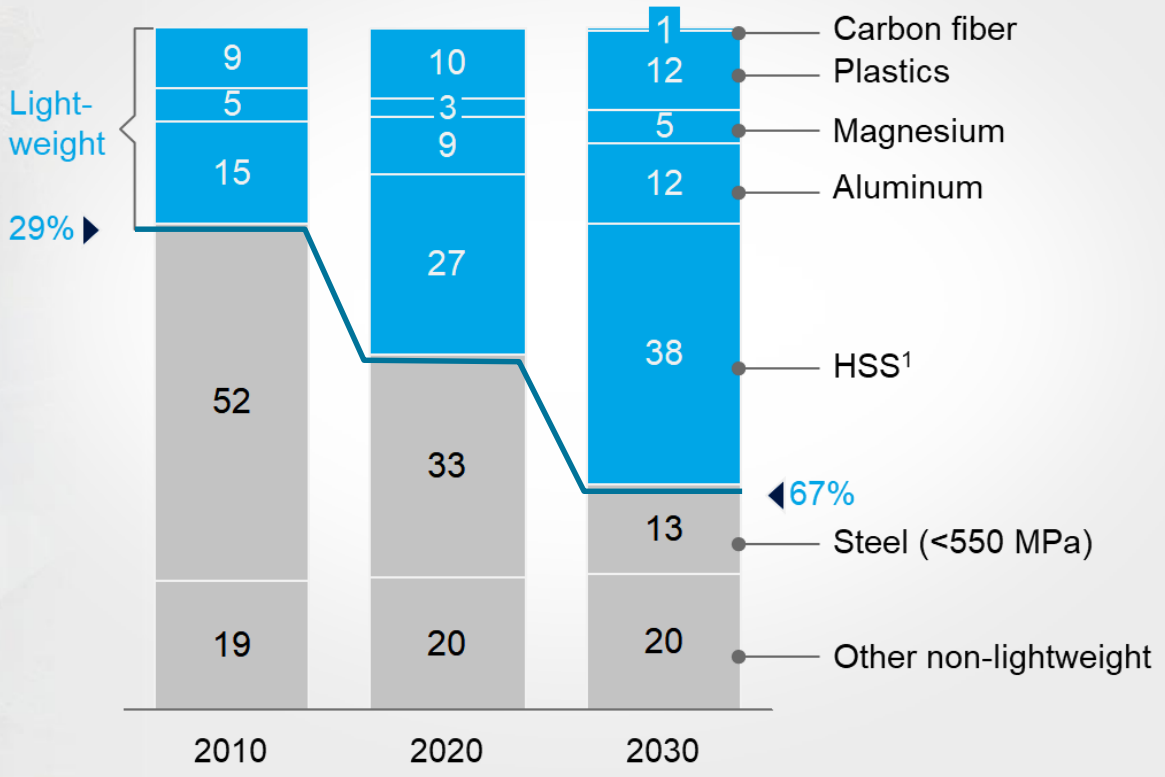




Light-weighting: Increased need for mixed material joining

Share of light-weight materials will increase

Material split / percent

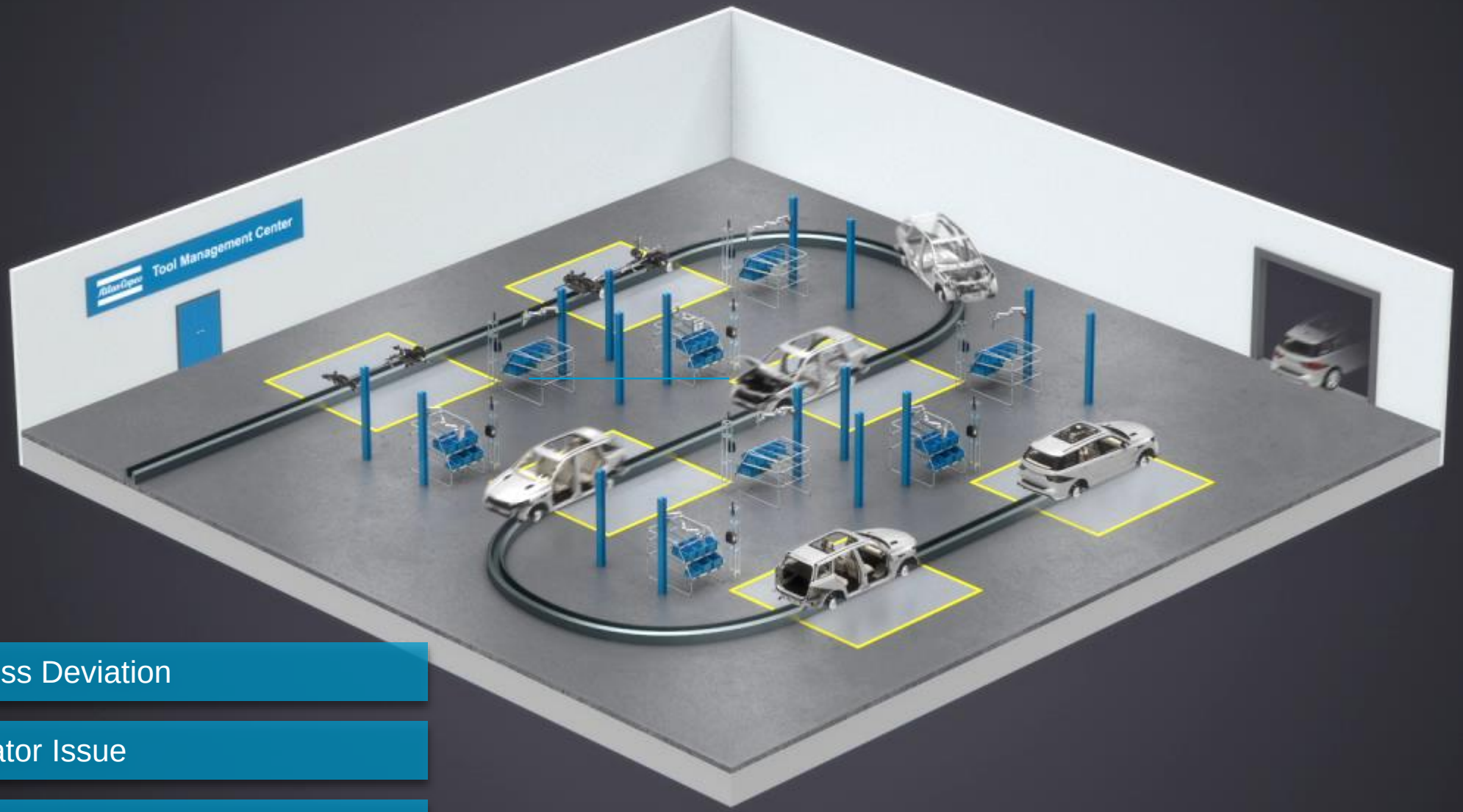


SOURCE: McKinsey 2017

Light-weighting: Increased need for mixed material joining

General industry: Improving production yields in electronics

New opportunities in the Smart factory



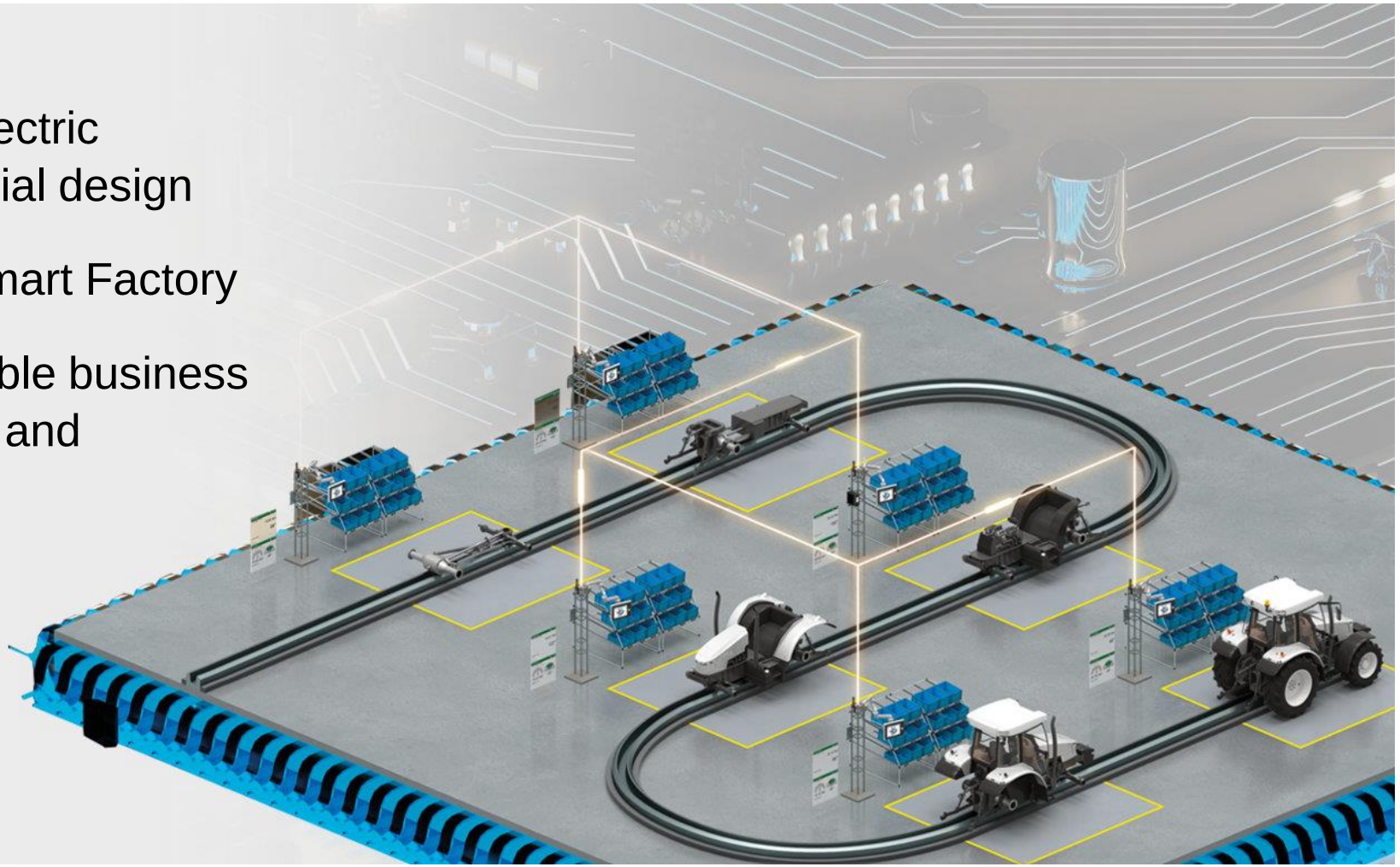
Process Deviation

Operator Issue

Equipment Problem

Summary – Industrial Technique

- Major opportunities in electric vehicles and multi-material design
- Well positioned in the Smart Factory
- Continuation of sustainable business model in the Automotive and General Industries



Committed to sustainable productivity.


Atlas Copco

Cautionary Statement

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