



Compressor Technique

Bengt Kvarnbäck, Business Area President

Capital Markets Day, November 30, 2005



Contents

- Compressor Technique in brief
- Compressed Air Market
- Performance – Compressor Technique
- Strategy – Compressor Technique

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Compressor Technique



Compressor Technique

Market Position

- World leader in compressed air products and solutions
- Global coverage with own resources in sales and aftermarket support
- Technology and cost leadership
 - Focused R&D investments
 - High volumes and focus on core activities
- Advanced global logistics
- Growth by strong market penetration and presence, and by continuous introduction of new and innovative products and services, extending the offer and increasing customer value.

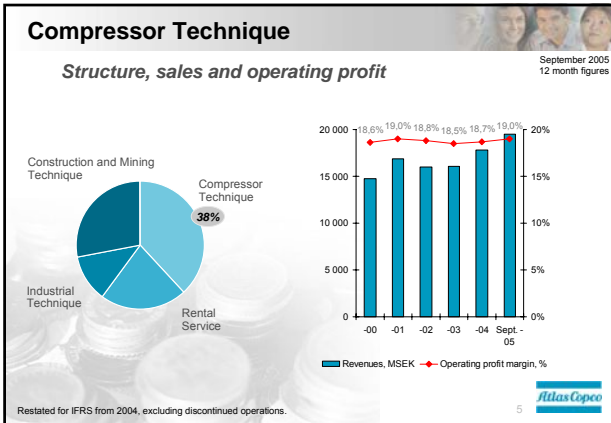


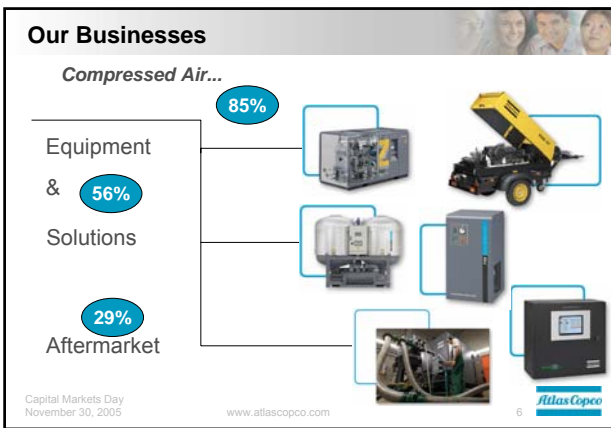
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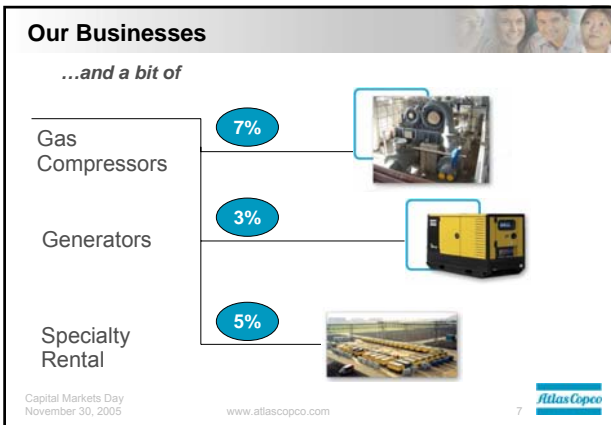
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Our Businesses

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Atlas Copco

Vision

To be...
First in
Mind...
First in
Choice...

Atlas Copco

Our Vision

Through...

Interaction Commitment Innovation

Atlas Copco

Our Vision



Offering Customers

Best Value



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Compressed Air Market

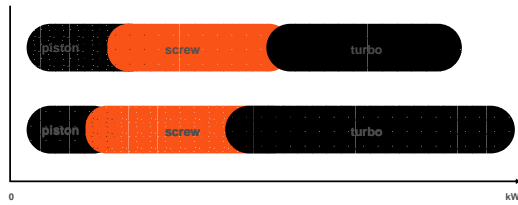


Total: BSEK 65 – 70



Technology trends

Air compressors



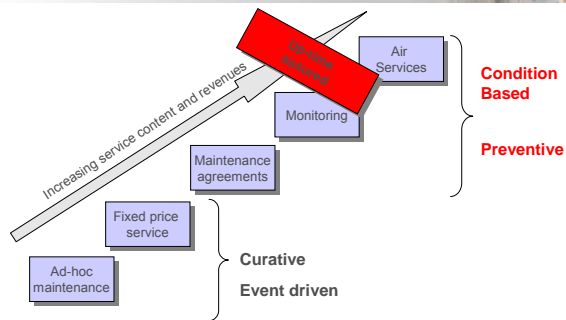
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The Aftermarket



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Energy Savers

- Compressor elements, motors, drives
- Dryers
- Packaging
- Heat recovery
- Machine selection and control
- Network control, network configuration and quality
- Machine and network maintenance



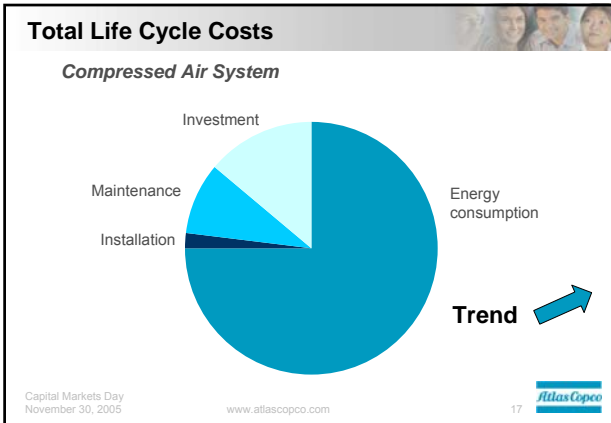
Increasing importance

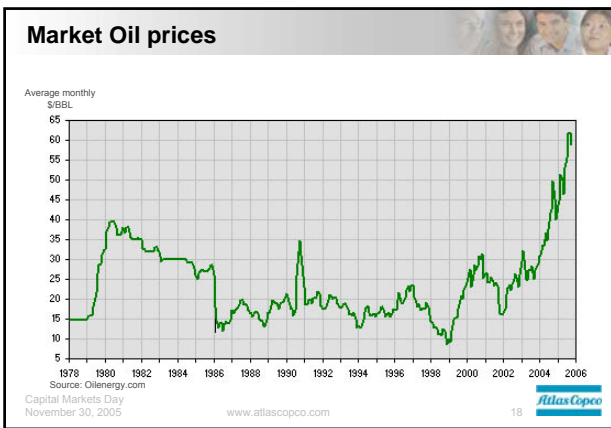
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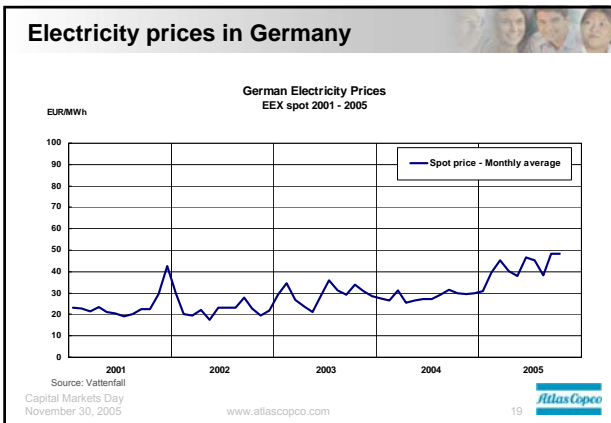
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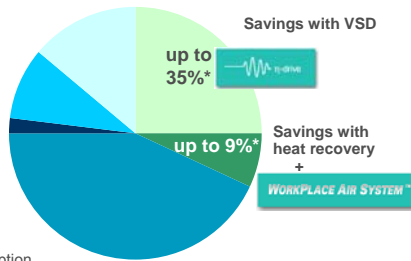






Potential Energy Savings

Compressed Air System



* % of energy consumption

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Compressed Air Market

Competitors

- Ingersoll-Rand, USA
- Kaeser, Germany
- Hitachi, Japan
- Gardner-Denver, USA
- CompAir, UK (Germany)
- Sullair, USA
- + many Regional / Local / Niche competitors

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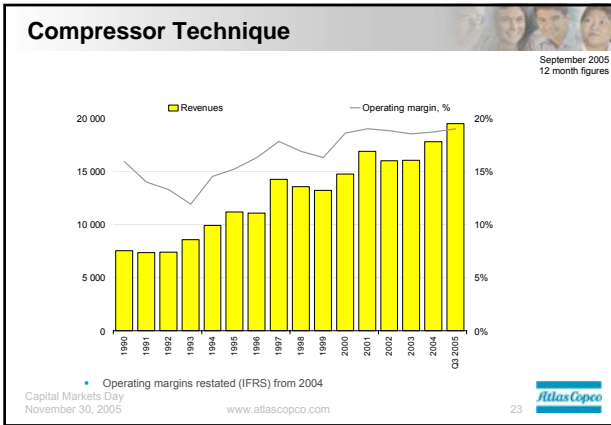
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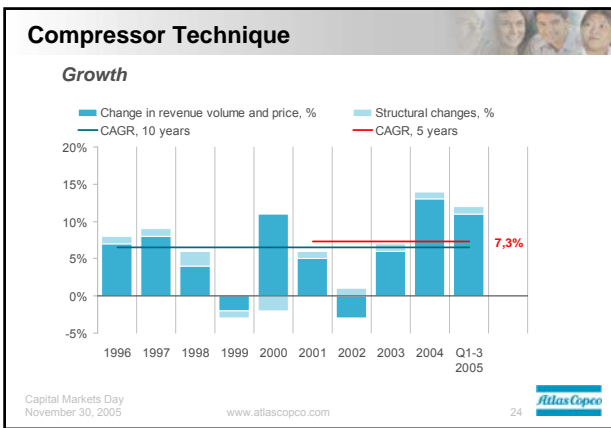
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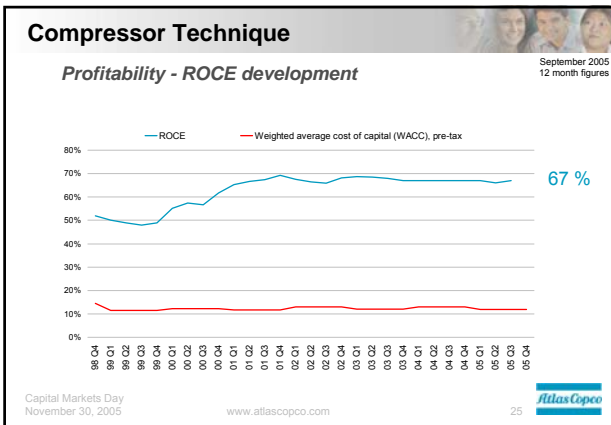
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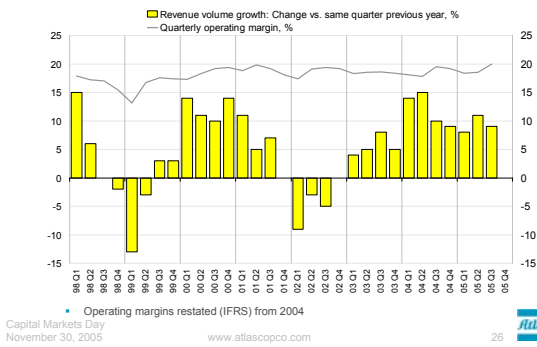








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Compressor Technique

Q3 2005

- Strong order intake in all regions and for all types of compressors and its aftermarket
 - Best development in North America, Eastern Europe and Asia
- Acquisitions within focused areas
 - Intermech – Compressed Natural Gas (CNG)
 - Creemers – Compressed Air automotive (Q4)
 - Pneumatech – Compressed Air Treatment (Q4)
 - Ketting – Marine compressor Solution (Q4)
- Divestment of stationary generator business (Q4)
- Record revenues and operating profit
 - Operating profit more than 1 billion SEK and highest operating margin ever



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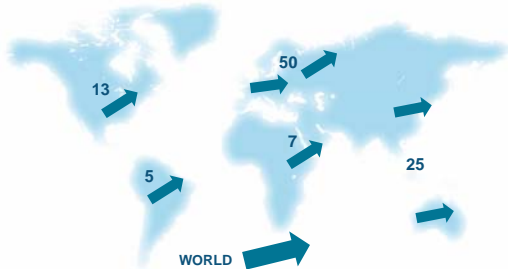
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Geographical distribution of orders received, %



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Strategy

- Offer customers best value
- Capitalize on strong market presence
 - Core business and stretch from the Core
 - Build new businesses
 - Aftermarket
 - Acquisitions
 - Focused markets – Focused Solutions
- Multibrand concept
- Global product management and manufacturing strategy

Stretching the Core



Building New Business



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Building New Business



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New Products

Equipment



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New Products

Equipment

New integrated dryer
 New unloader for fixed speed
 Standard EWD
 High efficiency gearbox
 New oil filter
 New aftercooler with integrated WSD
 New Elektronikon functions
 New drive for VSD units
 New air/oil separator

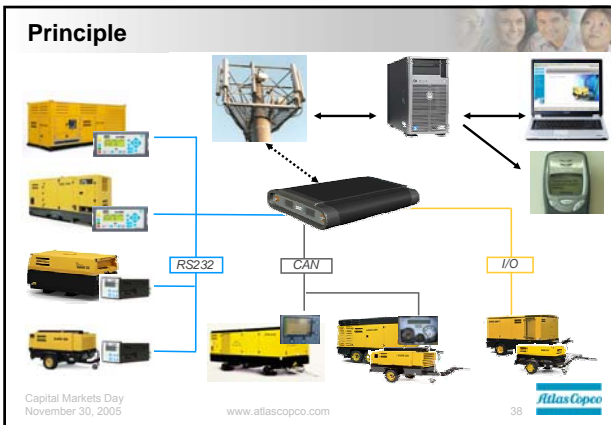
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New Products

Equipment

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COSMOS







Focused Markets

China

- New Sales/Service outlets
- Acquisition (Pneumatech)
- Service Center (Logistics)
- Plant investments
 - Element production, Wuxi
 - New plant, Liutech



Global sourcing



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Focused Markets

India

- Strong growth
- Supported by investments and improved structure
- Global sourcing



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Multibrand

- Differentiated offer / position
 - Customer choice
- Separate channels
- Better territory coverage
 - Market share
 - Customer share
- Business coordinated
- Synergies



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Global manufacturing strategy

Components
 Products
 Research
 Development

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Sourcing and Assembly

Focus: **China** and **India**

Quality and logistics
are **key**

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Sourcing and Assembly

Principles

Specification

Quality

Supplier qualification

Build process and tools

Uniformity

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Sourcing and Assembly

- Same product everywhere, wherever it is built
 - Full and comparable cost transparency
- Systematic evaluation of total product cost

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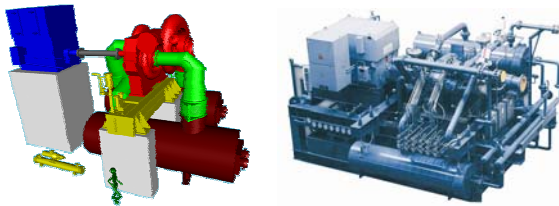
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The Gas and Process Division

No. 1 in Integrally Geared Turbo Compressors



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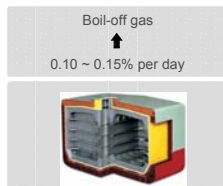
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The Gas and Process Division

LNG – Boil-off gas compressors

- Maintain the pressure in the cargo tanks
- Supply the BOG to propulsion or reliquefaction system



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Summary



- Strong business trend and performance
- Increasing penetration and share
- Stretching the Core
- Energy efficiency – increasing in importance
- Aftermarket growth
- More focused Solutions business

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