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## Gunnar Brock

Atlas Copco Group  
September 20, 2002



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## Agenda

- Atlas Copco Group
- Vision
- Strategic Direction
- Outlook



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## Atlas Copco Group

- Global Industrial Group
- World Leading Supplier
  - Compressors
  - Construction & Mining Equipment
  - Power Tools
- Major player in U.S. Equipment Rental Services



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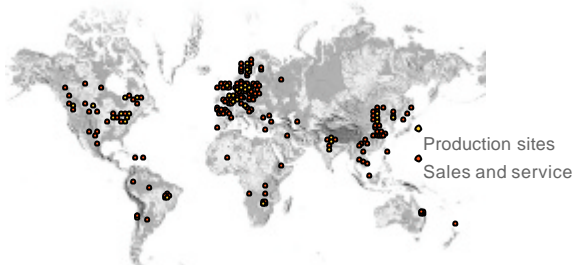
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## Atlas Copco Worldwide



- Global Coverage in 150 countries
- 26 000 employees
- Concentrated core manufacturing

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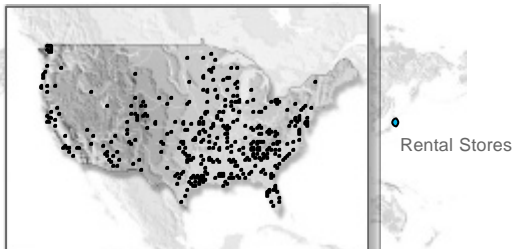
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## Atlas Copco Worldwide



- Direct sales close to end users

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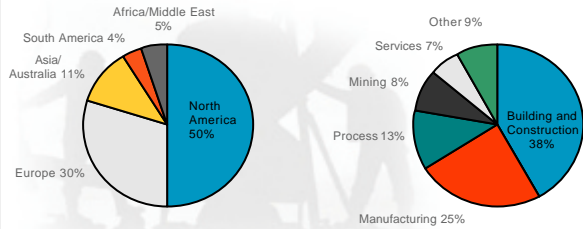
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## Revenues by region and customer category

June 2002



Atlas Copco

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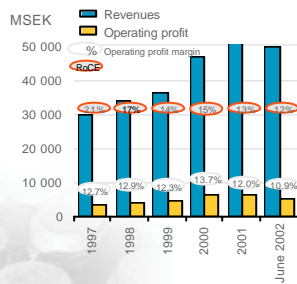
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## Atlas Copco Group

June 2002

12 month figures



Atlas Copco

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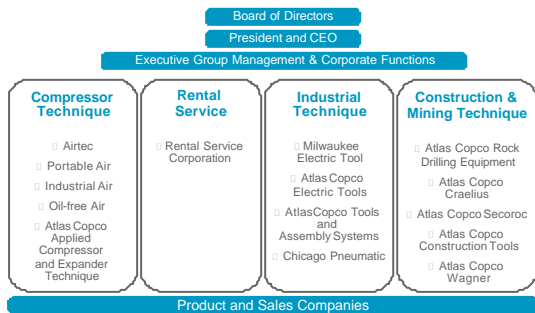
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## The Atlas Copco Organization



Atlas Copco

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## Compressor Technique



Atlas Copco

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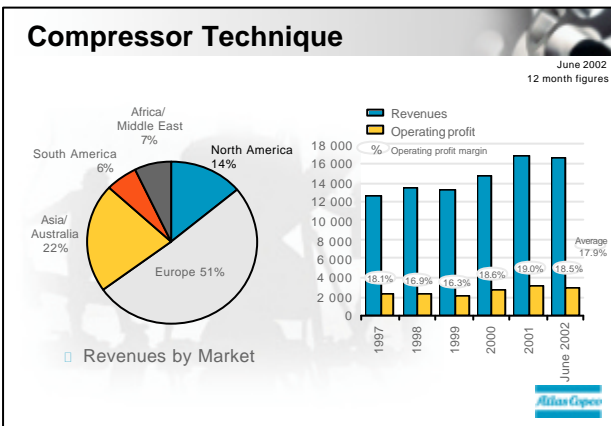
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## Compressor Technique




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## Rental Service



Atlas Copco

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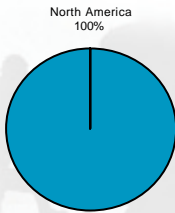
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## Rental Service



Revenues by Market




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## Industrial Technique




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## Industrial Technique 2 Businesses - 4 Divisions

- Industrial power tools - mainly for assembly
- Electric power tools - mainly for installations
- < 50% of Business Area
- > 50% of Business Area



- Atlas Copco Tools and Assembly Systems
- Milwaukee Electric Tools
- Chicago Pneumatic
- Atlas Copco Electric Tools

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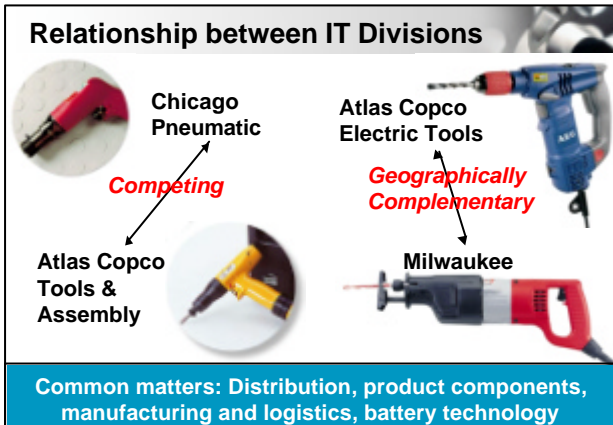
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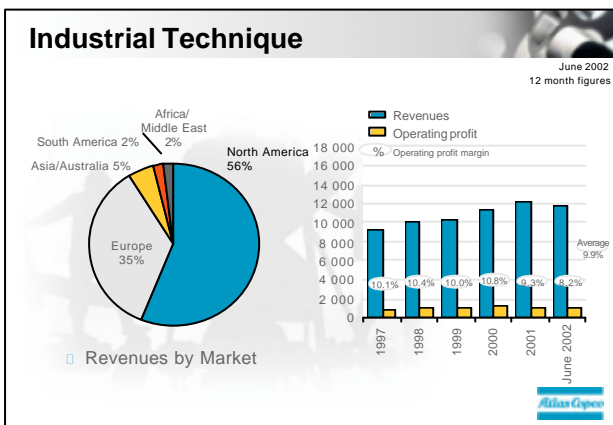
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## Construction and Mining Technique Construction

- > 50% of Business Area
  - Tunnelling and road construction
  - Dam construction
  - Quarrying
  - Breaking and demolition
  - Ground engineering
- Demand keys
  - Infrastructure- and public investments
  - Non-building construction activity



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## Construction and Mining Technique Mining

- < 50% of Business Area
  - Production and development work
    - Underground and surface mining
  - Loading and haulage
  - Exploration drilling
- Demand keys
  - Mining machine investments
  - Ore production



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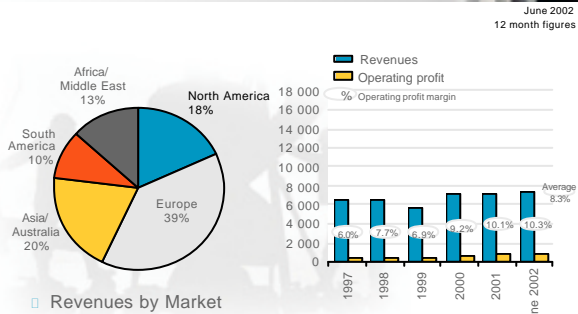
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## Construction and Mining Technique




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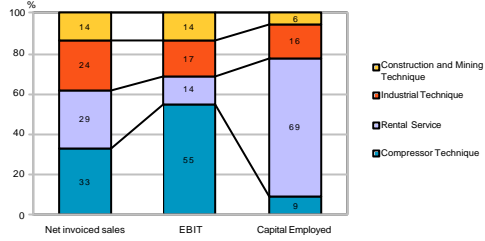
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### Atlas Copco Group Sales, EBIT and Capital Employed by Business Area

June 2002  
12 month figures



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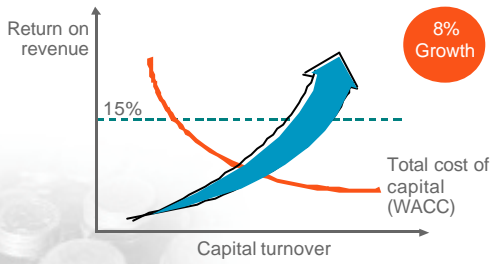
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### Financial targets Atlas Copco Group




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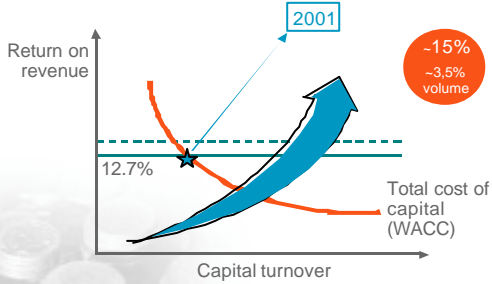
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### 1997-2001 Atlas Copco Group




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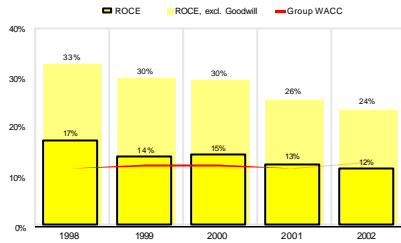
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## Atlas Copco Group ROCE

June 2002  
12 month figures



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## Agenda

- Atlas Copco Group
- Vision
- Strategic Direction
- Outlook



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## Vision

First in  
Mind...



First in  
Choice...




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## To be a Leader

- Lead in the share of mind of our customers
- Be seen as the innovator, setting the standards
- Exceed high expectations
- High customer share
- High market share, in every product market and geographic segment where we compete

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## Agenda

- Atlas Copco Group
- Vision
- Strategic Direction
- Outlook



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## Strategic Direction



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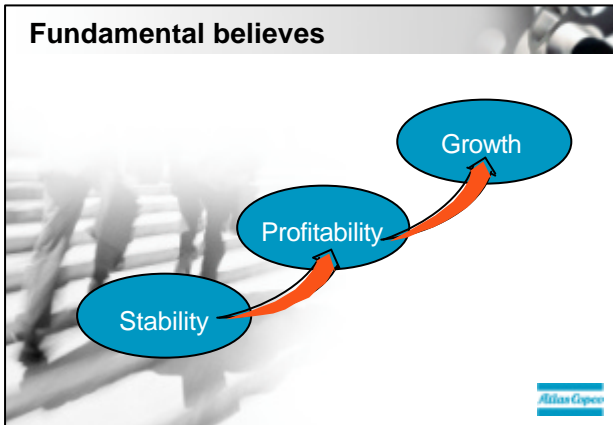
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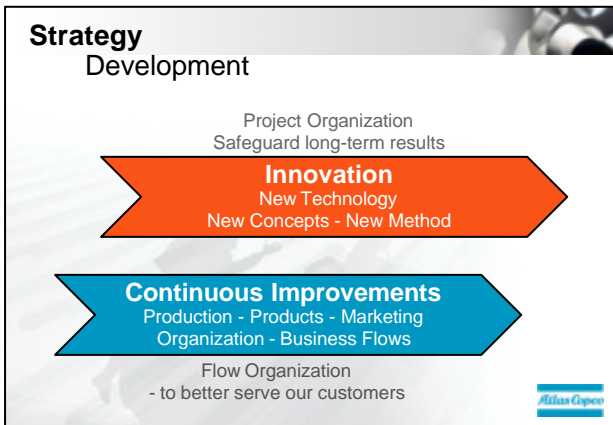
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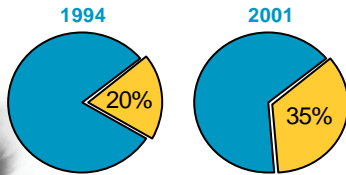
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## Innovation

### Product Development

Products less than 3 years old...



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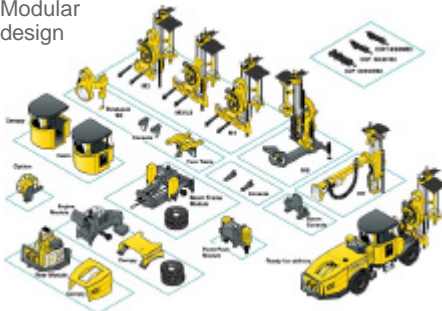
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## Product Development

### Underground drilling rigs

□ Modular design



Atlas Copco

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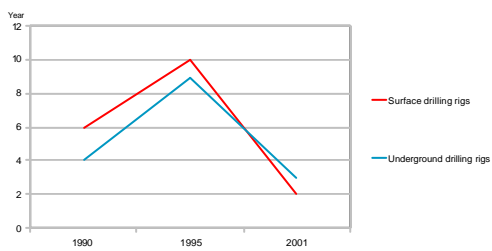
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## Product Development

### Average Product Age



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## Product Development Industrial Technique

- Milwaukee new offers in 2001: 50 new power tools!



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## Product Development New Facilities in Antwerp



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## Increase Scope of Supply

- Air treatment
  - Dryers, filters, coolers, etc.
    - Refrigerant dryer FD 750 VSD
- Rock reinforcement
  - Ankertechnik
    - SDR Self drilling rockbolt
- Accessories and consumables



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## Strategy Multi-brand



- Dynamic product, brand and channel development
  - Multi-brand
  - Multi-channel

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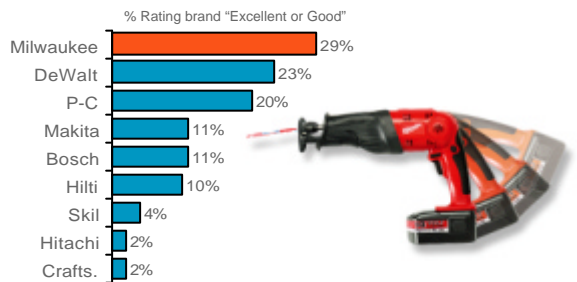
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## Brand Development Brands - Deserving a Premium Price (Unaided)



Source: Caney Group LLC

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## Strategic Direction




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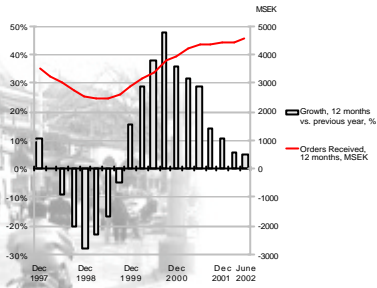
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## Geographic Expansion Asia




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## Geographic Expansion China

□ Nine new sales and service offices added in 2001




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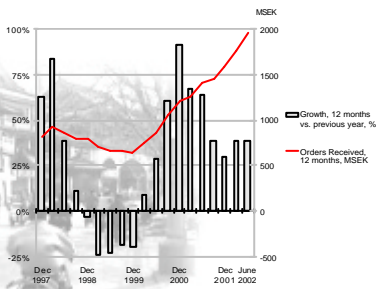
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## Geographic Expansion China




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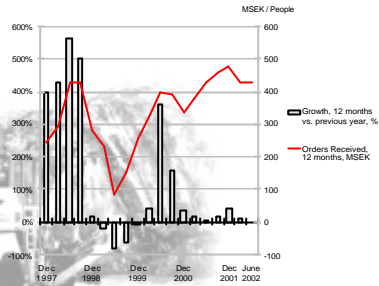
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## Geographic Expansion Russia




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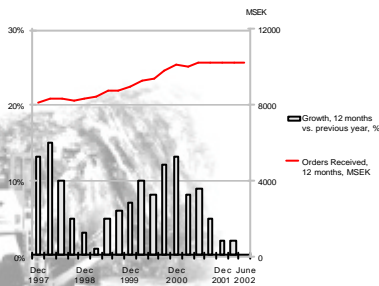
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## Geographic Expansion NAFTA, excl. Rental Service




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## Strategic Direction




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## Use of Products

### Why?

- High profit potential
- Stable revenue stream
- Close to end users
- Optimize business processes
- Enhanced product development

### What?

- Service and spare parts
  - Service contracts
- Consumables
  - Logistics management
- Tools and spare parts
  - Tool management
- Rental
  - Customer driven - RSC
  - Product driven - Atlas Copco

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## Use of Products

### Compressor service contracts



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## Use of Products

### Mining industry support

- Cost per metre contracts for consumables and service



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## Use of Products Workshops on MVI sites

- Complete tool management




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## Use of Products Rental

- General Equipment rental
- Specialty rental




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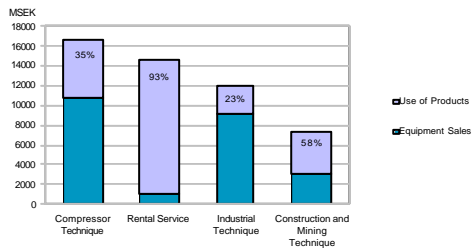
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## Use of Products

June 2002  
12 month figures



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## Strategic Direction



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## Internal Efficiency Support Structure



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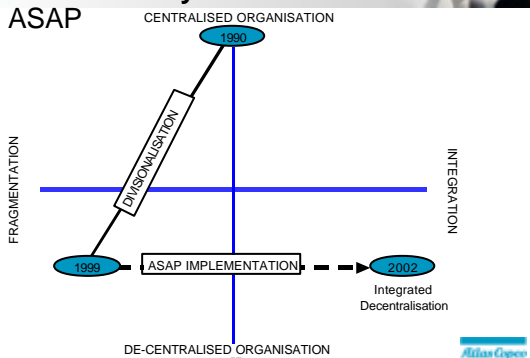
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## Internal Efficiency ASAP



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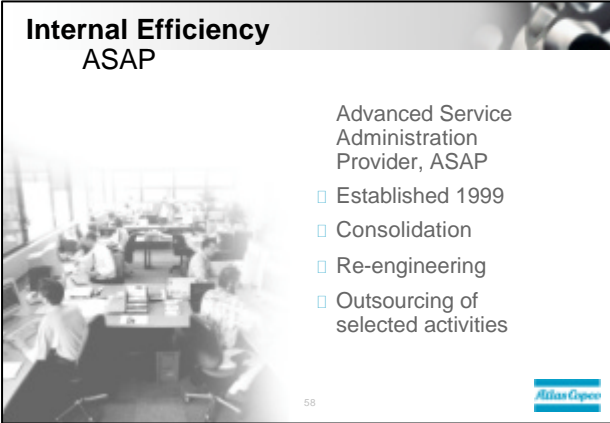
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## Internal Efficiency ASAP



- Advanced Service Administration Provider, ASAP
- Established 1999
  - Consolidation
  - Re-engineering
  - Outsourcing of selected activities

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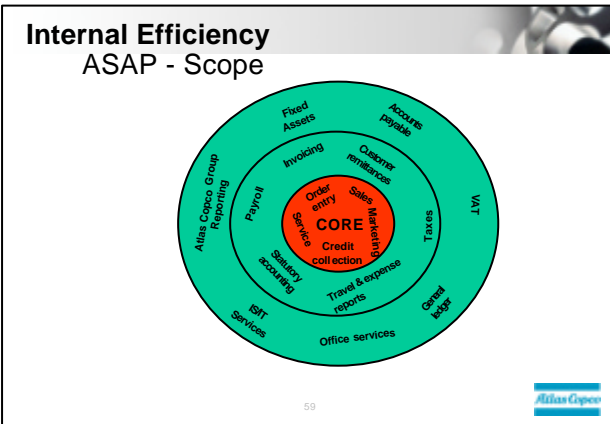
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## Internal Efficiency ASAP - Scope



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## Strategic Direction




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## Agenda

- Atlas Copco Group
- Vision
- Strategic Direction
- Outlook



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## Near-term Outlook

published July 18, 2002

Overall, the demand for Atlas Copco's products and services is expected to remain at the present level.

Investment in the two main regions, North America and Europe, is not expected to increase, while recent increases in manufacturing output in the United States are likely to support ongoing modest growth in demand for production-related equipment and tools in that market.

Demand for rental equipment in the United States is expected to remain unchanged in the next quarter.

Demand in Asia is expected to continue to develop favorably.

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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 affected 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 the major customer credit losses."

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