Gunnar Brock
Atlas Copco Group
September 20, 2002

Agenda

- Atlas Copco Group
- Vision
- Strategic Direction
- Outlook
Atlas Copco Group

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

Atlas Copco Worldwide

- Production sites
- Sales and service

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

Atlas Copco Worldwide

- Rental Stores

- Direct sales close to end users
Compressor Technique

Revenues by Market

North America 14%
Europe 51%
Africa/Middle East 7%
South America 4%
Asia/Australia 22%

Operating profit margin

17.9%
Average 2001-2002

Rental Service
Rental Service

North America 100%

Revenues by Market

June 2000
12 month figures


Revenues Operating profit % Operating profit margin

5% 4% 3% 2% 1%

Industrial Technique

2 Businesses - 4 Divisions

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

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

- Atlas Copco Tools and Assembly Systems
- Milwaukee Electric Tools

- Chicago Pneumatic
- Atlas Copco Electric Tools
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

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

Revenues by Market

<table>
<thead>
<tr>
<th>Region</th>
<th>1997</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
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<tbody>
<tr>
<td>North America</td>
<td>18%</td>
<td></td>
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<tr>
<td>Europe</td>
<td>39%</td>
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<tr>
<td>Africa/Middle East</td>
<td>13%</td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>South America</td>
<td>16%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia/Australia</td>
<td>20%</td>
<td></td>
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<tr>
<td>Revenues by Market</td>
<td></td>
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</tbody>
</table>

Average Operating profit margin: 8.3%
Atlas Copco Group
Sales, EBIT and Capital Employed by Business Area

<table>
<thead>
<tr>
<th>Business Area</th>
<th>Net invoiced sales</th>
<th>EBIT</th>
<th>Capital Employed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction and Mining Technique</td>
<td>23</td>
<td>15</td>
<td>14</td>
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<tr>
<td>Industrial Technique</td>
<td>14</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>Rental Service</td>
<td>19</td>
<td>12</td>
<td>25</td>
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<tr>
<td>Compressor Technique</td>
<td>17</td>
<td>9</td>
<td>33</td>
</tr>
</tbody>
</table>

Financial targets
Atlas Copco Group

- **Return on revenue**: 15%
- **Capital turnover**: 3.5%
- **Total cost of capital (WACC)**: 12.7%

1997-2001
Atlas Copco Group

- **Return on revenue**: 12.7%
- **Total cost of capital (WACC)**: 12.7%
- **-15% growth in volume**

June 2002
12 month figures

Net invoiced sales
EBIT
Capital Employed
**Atlas Copco Group**

**ROCE**

![Graph showing ROCE from 1998 to 2002 with specific percentages for each year.]

**Agenda**

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- Strategic Direction
- Outlook

**Vision**

First in Mind…

First in Choice…

![Vision image with a globe and the number 1]
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

Agenda

- Atlas Copco Group
- Vision
- Strategic Direction
- Outlook

Strategic Direction

- Organic growth
- Use of products
- Geographic expansion
- Internal efficiency
Fundamental beliefs

- Stability
- Profitability
- Growth

Strategic Direction

- Organic growth
- Product innovation
- Increase scope of supply
- New applications for existing products
- New products for existing applications
- Channel and brand development
- Supported by selective acquisitions

Strategy Development

- Project Organization
- Safeguard long-term results
- Innovation
  - New Technology
  - New Concepts - New Method
- Continuous Improvements
  - Production - Products - Marketing
  - Organization - Business Flows
  - Flow Organization
  - To better serve our customers
Innovation
Product Development
Products less than 3 years old...

1994: 20%
2001: 35%

Product Development
Underground drilling rigs

Modular design

Product Development
Average Product Age
**Product Development**

**Industrial Technique**

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

- Product Development
- New Facilities in Antwerp

- 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
Strategy
Multi-brand

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

Brand Development
Brands • Deserving a Premium Price (Unaided)

<table>
<thead>
<tr>
<th>Brand</th>
<th>% Rating brand “Excellent or Good”</th>
</tr>
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<tbody>
<tr>
<td>Milwaukee</td>
<td>29%</td>
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<tr>
<td>DeWalt</td>
<td>23%</td>
</tr>
<tr>
<td>P-C</td>
<td>20%</td>
</tr>
<tr>
<td>Makita</td>
<td>11%</td>
</tr>
<tr>
<td>Bosch</td>
<td>11%</td>
</tr>
<tr>
<td>Hilti</td>
<td>10%</td>
</tr>
<tr>
<td>Skil</td>
<td>4%</td>
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<tr>
<td>Hitachi</td>
<td>2%</td>
</tr>
<tr>
<td>Crafts.</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: Caney Group LLC

Strategic Direction

- Organic growth
- Use of products
- Geographic expansion
- Internal efficiency
Geographic Expansion
Asia

Geographic Expansion
China
- Nine new sales and service offices added in 2001

Geographic Expansion
China
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

Use of Products

Compressor service contracts

Use of Products

Mining industry support
- Cost per metre contracts for consumables and service
Use of Products
Workshops on MVI sites
- Complete tool management

Use of Products
Rental
- General Equipment rental
- Specialty rental

Use of Products
Use of Products
MSEK

June 2002
12 month figures
Internal Efficiency
ASAP

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

Internal Efficiency
ASAP - Scope

Strategic Direction

Organic growth
Use of products
Geographic expansion
Internal efficiency
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.

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.”