



# Atlas Copco Group

Gunnar Brock



### Our businesses – core competencies

*Mining and Construction*

*Compressors*

*Service*

*Tools*

---

---

---

---

---

---

---

---

---

---

### Our businesses – core competencies

*Mining and Construction*

*Compressors*

*Service*

*Tools*

---

---

---

---

---

---

---

---

---

---

### Atlas Copco Group

- Industrial Group
  - Close to 26,000 employees
- World Leading Supplier
  - Compressed air solutions
  - Construction & mining equipment
  - Hand-held power tools and assembly systems
  - Sales and service network in 150 countries
- Major player in U.S. Equipment Rental Services

Capital Markets Day  
November 12, 2003

[www.atlascopco-group.com](http://www.atlascopco-group.com)

4

---

---

---

---

---

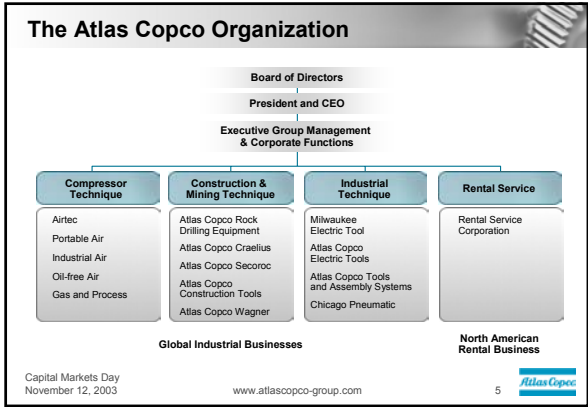
---

---

---

---

---




---

---

---

---

---

---

---

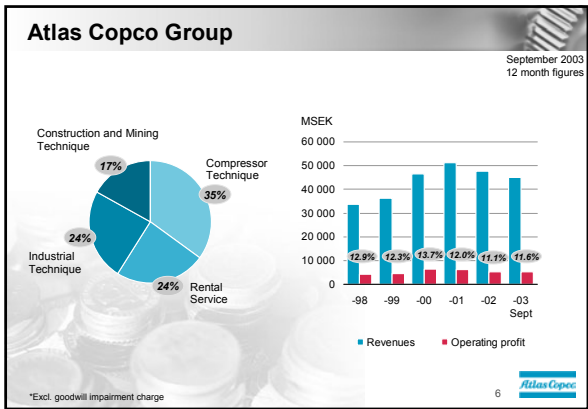
---

---

---

---

---




---

---

---

---

---

---

---

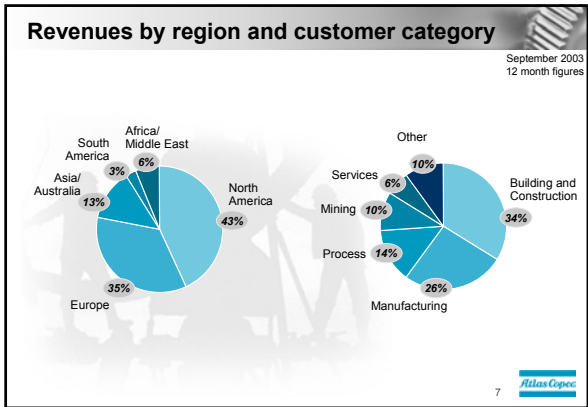
---

---

---

---

---




---

---

---

---

---

---

---

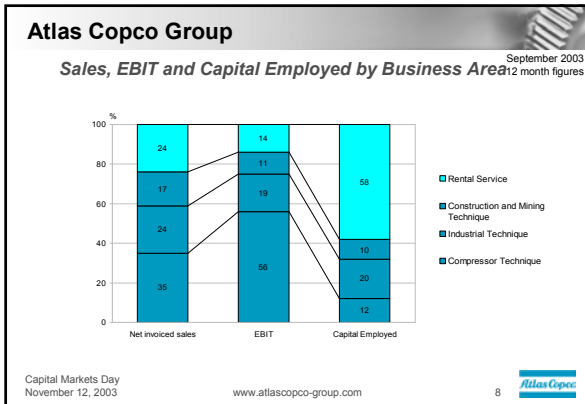
---

---

---

---

---




---

---

---

---

---

---

---

---

---

---

### Atlas Copco Group

September 2003  
EBIT and ROCE by Business Area 12 month figures

	EBIT	ROCE	WACC
Compressor Technique	18.7	68	
Industrial Technique	9.7	15	
Construction and Mining Technique	7.7	17	
Atlas Copco Group, excl. Rental Service	13.0	31	
Rental Service	7.2	4	
Atlas Copco Group	11.6	16	12*

\* Group WACC, January 1, 2003

Capital Markets Day  
November 12, 2003  
www.atlascopco-group.com  
9  
Atlas Copco

---

---

---

---

---

---

---

---

---

---

- ### Different genes
- |   |   |
|---|---|
| <p><b>Industrial Business</b></p> <ul style="list-style-type: none"> <li>▪ Development, production, sales, service</li> <li>▪ Product driven</li> <li>▪ Light in capital</li> <li>▪ High share variable costs</li> <li>▪ Global</li> <li>▪ Medium speed</li> <li>▪ Diversified customer base</li> <li>▪ Relatively high entry barriers</li> </ul> | <p><b>General Rental Business</b></p> <ul style="list-style-type: none"> <li>▪ Sourcing, renting, service</li> <li>▪ Customer driven</li> <li>▪ Heavy in capital</li> <li>▪ High share fixed costs</li> <li>▪ Local (North America)</li> <li>▪ High speed</li> <li>▪ Concentrated customer base</li> <li>▪ Relatively low entry barriers</li> </ul> |
|---|---|
- Capital Markets Day  
November 12, 2003  
www.atlascopco-group.com  
10  
Atlas Copco

---

---

---

---

---

---

---

---

---

---

## What Unites the Atlas Copco Group

- A shared vision and a common identity
- The corporate culture and the core values; interaction, commitment and innovation
- The sharing of brands, trademarks and channels to market
- The sharing of assets and infrastructure
- Common processes and shared best practices
- Using common services through internal and external service providers
- Financial and human resources, and their free mobility within the Group

11



---

---

---

---

---

---

---

---

The sum of running the parts together must be bigger than the sum of running the parts separately

Capital Markets Day  
November 12, 2003

[www.atlascopco-group.com](http://www.atlascopco-group.com)

12

---

---

---

---

---

---

---

---

## A shared vision and a common identity



---

---

---

---

---

---

---

---

## A shared vision and a common identity

### Vision

TO BECOME AND REMAIN  
**FIRST IN MIND - FIRST IN CHOICE**  
OF OUR STAKEHOLDERS!



Capital Markets Day  
November 12, 2003

www.atlascopco-group.com

14



---

---

---

---

---

---

---

---

## A shared vision and a common identity

### Lead in the Share of Mind



✓ Shall be measured

Capital Markets Day  
November 12, 2003

www.atlascopco-group.com

15



---

---

---

---

---

---

---

---

## A shared vision and a common identity

### To be a leader

- Lead in the share of mind and share of choice of our customers
- Be seen as the innovator, setting the standards
- Exceed high expectations
- Focus on customer share
- High market share, #1 or #2, in every product market/application and geographic segment where we compete



Capital Markets Day  
November 12, 2003

www.atlascopco-group.com

16



---

---

---

---

---

---

---

---

## A shared vision and a common identity

### Atlas Copco Group Business Code of Practice

- Summary of the Group's policies related to business ethics and to social and environmental performance



Capital Markets Day  
November 12, 2003

[www.atlascopco-group.com](http://www.atlascopco-group.com)

17



---

---

---

---

---

---

---

---

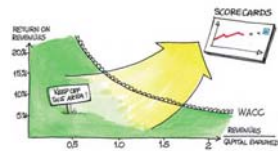
---

---

## A shared vision and a common identity

### Financial Targets

- Annual revenue growth of 8 %
  - Reach an operating margin of 15%
  - Return on capital to exceed cost of capital
- ... and to continuously challenge operational inefficiencies



Capital Markets Day  
November 12, 2003

[www.atlascopco-group.com](http://www.atlascopco-group.com)

18



---

---

---

---

---

---

---

---

---

---

## Sharing of brand names and trademarks



19



---

---

---

---

---

---

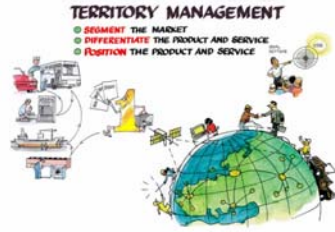
---

---

---

---

## Sharing of brand names and trademarks



- A matter of presence and penetration

Capital Markets Day  
November 12, 2003

www.atlascopco-group.com

20



---

---

---

---

---

---

---

---

## Sharing of brand names and trademarks

### Multi-brand



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

Capital Markets Day  
November 12, 2003

www.atlascopco-group.com

21



---

---

---

---

---

---

---

---

## Sharing of assets and infrastructure



22



---

---

---

---

---

---

---

---



## Sharing of assets and infrastructure



- ASAP, Advanced Service and Administration Provider
- Distribution Centers
- Internal Bank
- In-house Insurance Company
- IT infrastructure

23 

---

---

---

---

---

---

---

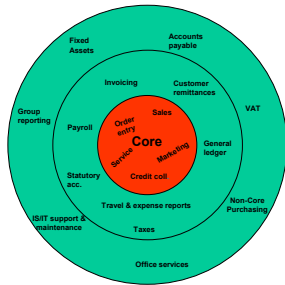
---

## Sharing of assets and infrastructure

### Internal Service Providers

“What is not core for you is core for us”

- ASAP
  - Europe
  - North America
  - Asia



Capital Markets Day  
November 12, 2003

[www.atlascopco-group.com](http://www.atlascopco-group.com)

24



---

---

---

---

---

---

---

---

## Common processes and shared best practices





---

---

---

---

---

---

---

---

## Common processes and shared best practices



Capital Markets Day  
November 12, 2003

www.atlascopco-group.com

26

Atlas Copco

---

---

---

---

---

---

---

---

## Common processes and shared best practices

### Organic Growth

- Geographic expansion
- Product innovation
- Increase scope of supply
- New applications for existing products
- New products for existing applications
- Channel and brand development
- Use of products, aftermarket

### STRATEGIC DIRECTIONS ORGANIC AND ACQUIRED GROWTH



Capital Markets Day  
November 12, 2003

www.atlascopco-group.com

27

Atlas Copco

---

---

---

---

---

---

---

---

## Common processes and shared best practices

### Acquired Growth

- Geographic expansion
- Market share
- Close product / market gap
- Expand product range
- Increase scope of supply
- Acquire technology / know how
- Acquire channel to market
- Diversification based on existing knowledge and synergy potential

### STRATEGIC DIRECTIONS ORGANIC AND ACQUIRED GROWTH



Capital Markets Day  
November 12, 2003

www.atlascopco-group.com

28

Atlas Copco

---

---

---

---

---

---

---

---

## Common processes and shared best practices

### Aftermarket - Use of Products

- High growth potential
- High profit potential
- Stable revenue stream
- Close to end users
- Optimized business processes
- Enhanced product development
- Satisfied customers

### STRATEGIC DIRECTIONS USE OF PRODUCTS



- ✓ Clear organizational focus
- ✓ Measurable performance

---

---

---

---

---

---

---

---

---

---

## Common processes and shared best practices

- Only way of maintaining high margins
- If we loose our product advantage we will compete with our organization

### STRATEGIC DIRECTIONS INNOVATIONS AND...




---

---

---

---

---

---

---

---

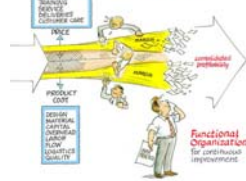
---

---

## Common processes and shared best practices

- The "small" continuous improvements will pay for the "quantum leaps"
- Lower costs, lower risks and faster to market

### STRATEGIC DIRECTIONS CONTINUOUS IMPROVEMENT




---

---

---

---

---

---

---

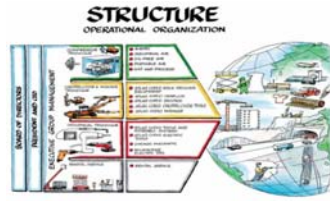
---

---

---

**Common processes and shared best practices**

- Business Area
- Division
- Product Company
- Customer Center
- Service Provider




---

---

---

---

---

---

---

---

---

---

**Common processes and shared best practices**

**PEOPLE MANAGEMENT**



**VISION**  
To have competent and committed people in order to bring the group forward in line with our strategy

**MISSION GIVEN TO THE OPERATION**  
To bring in, to develop, to grow into new positions and to keep the right people

**OPERATIONAL GOALS**

- KEY PROCESSES**
- |   |  |  |
|---|--|--|
| <b>People employment</b>  | <b>People development</b>  | <b>Organizational development</b>  |
| <ul style="list-style-type: none"> <li>● Recruitment</li> <li>● Compensation</li> <li>● Benefits</li> </ul> | <ul style="list-style-type: none"> <li>● Mission</li> <li>● Appraisal</li> <li>● Coaching</li> <li>● Training</li> <li>● New position</li> </ul> | <ul style="list-style-type: none"> <li>● Mobility</li> <li>● Diversity</li> <li>● Upgrading</li> <li>● Speed</li> <li>● Flexibility</li> </ul> |

---

---

---

---

---

---

---

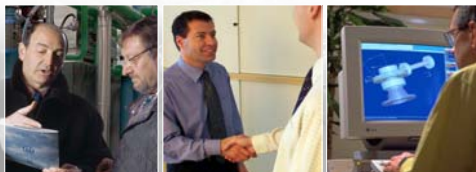
---

---

---

**Common processes and shared best practices**

*Our values*



Interaction      Commitment      Innovation

- In the absence of rules and regulations our corporate culture/core values direct our behavior and decision making

---

---

---

---

---

---

---

---

---

---

**Common processes and shared best practices**



- Trust and credibility

Capital Markets Day  
November 12, 2003

[www.atlascopeo-group.com](http://www.atlascopeo-group.com)

35



---

---

---

---

---

---

---

---

**Common processes and shared best practices**



Capital Markets Day  
November 12, 2003

[www.atlascopeo-group.com](http://www.atlascopeo-group.com)

36



---

---

---

---

---

---

---

---

**Common processes and shared best practices**

*Business conduct*



Capital Markets Day  
November 12, 2003

[www.atlascopeo-group.com](http://www.atlascopeo-group.com)

37



---

---

---

---

---

---

---

---