

### Atlas Copco Group



Atlas Copco Capital Markets Day, December 1, 2010  
 Hans Ola Meyer, CFO

*Sustainable Productivity*




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### Income statement

January – September

MSEK	Jan-Sep 2010		Jan-Sep 2009	
Orders received	55 804		43 175	
Revenues	50 474		47 820	
Cost of goods sold	-31 475		-32 038	
<b>Gross profit</b>	<b>18 999</b>	<b>37.6%</b>	<b>15 782</b>	<b>33.0%</b>
Marketing expenses	-5 076	-10.1%	-5 182	-10.8%
Administration expenses	-2 965	-5.9%	-2 882	-6.0%
Research and development costs	-1 094	-2.2%	-1 037	-2.2%
Other income and expense from operations	44		-41	
<b>Operating profit</b>	<b>9 908</b>	<b>19.6%</b>	<b>6 640</b>	<b>13.9%</b>
Net financial items	-333	-0.7%	-693	-1.4%
<b>Profit before tax</b>	<b>9 575</b>	<b>19.0%</b>	<b>5 947</b>	<b>12.4%</b>
Income tax expenses	-2 547		-1 371	
<b>Profit for the period</b>	<b>7 028</b>	<b>13.9%</b>	<b>4 576</b>	<b>9.6%</b>
- attributable to equity holders of the parent	7 015		4 554	
- attributable to minority interest	13		22	
<b>Basic earnings per share, SEK</b>	<b>5.77</b>		<b>3.75</b>	




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### Profit bridge

January – September

MSEK	Jan-Sep 2010	Organic Growth Price/Volume	Currency	One-time Items Acq./Div.	Jan-Sep 2009
<b>Atlas Copco Group</b>					
Revenues	50 474	3 642	-1 750	762	47 820
EBIT	9 908	2 884	-75	459	6 640
%	19.6%	79%	-	-	13.9%




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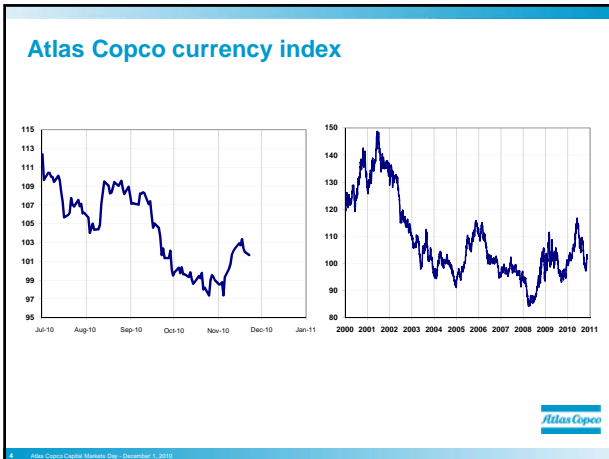
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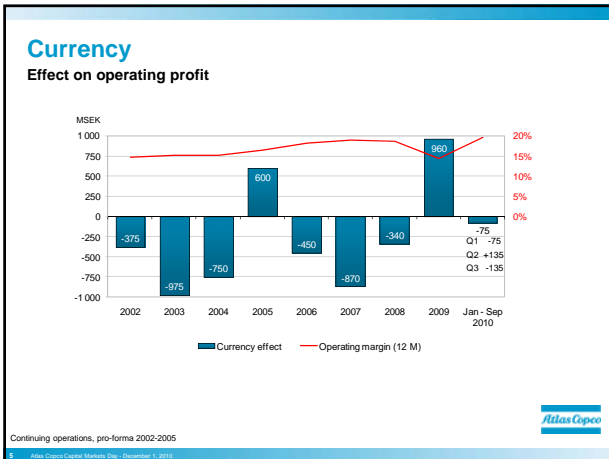
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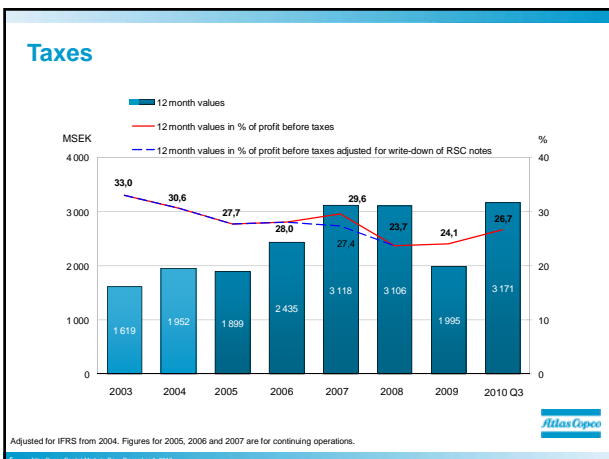
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### One Group ~ 400 operational entities

The Group	Local companies
One Group	~400 operational entities with full responsibility for P&L and working capital
Benefits of a large Group	Agility of a small organization
Global presence Economies of scale Standardized products and processes Efficient production and logistics	Local presence Aftermarket performance Application knowledge Focused product development
Operational excellence	Innovation



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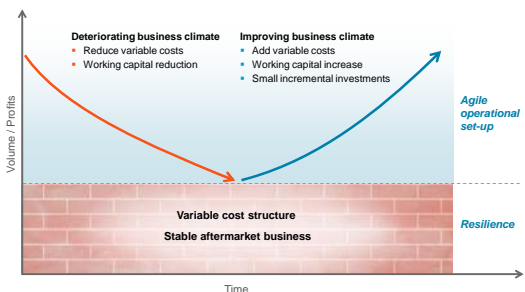
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### Our business model – agile and resilient



**Deteriorating business climate**

- Reduce variable costs
- Working capital reduction

**Improving business climate**

- Add variable costs
- Working capital increase
- Small incremental investments

Volume / Profits

Time

Agile operational set-up

Resilience

Variable cost structure

Stable aftermarket business

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### The planning process – a short background

- In 1997, the traditional budget process was buried
  - Time and cost-consuming
  - Base assumptions “never right”
  - A year is too short, long-term budget is never right
- We wanted a continuous planning and follow-up based on “best practice” ambitions
  - Focus on activities instead of numbers
  - Increase transparency
  - Read trends instead of single numbers

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### The planning process

- 3-year horizon
- A formal strategic management process where goals and targets are set, activity plans and actions are described, evaluated and analyzed financially
- Translates the strategy into actions
- Forces a continuous planning and follow-up and also presents a greater flexibility
- Focus is on managing the business instead of calculation exercises



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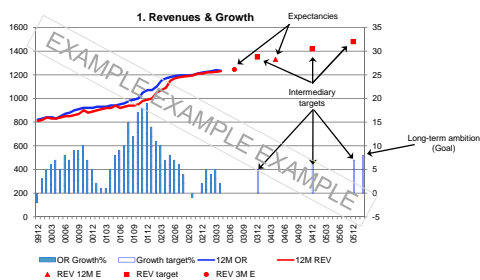
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### The planning process

Scorecards – a graphical presentation of the planning process



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**Committed to sustainable productivity.**



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