



# Atlas Copco Group

Gunnar Brock



**Our businesses – core competencies**

Mining and Construction      Compressors

Service      Tools

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**Our businesses – core competencies**

Mining and Construction      Compressors

Service      Tools

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**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

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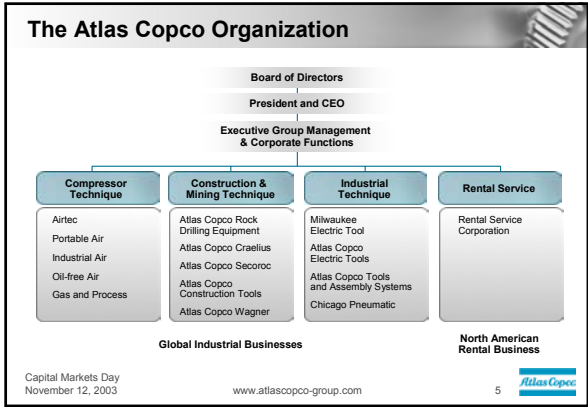
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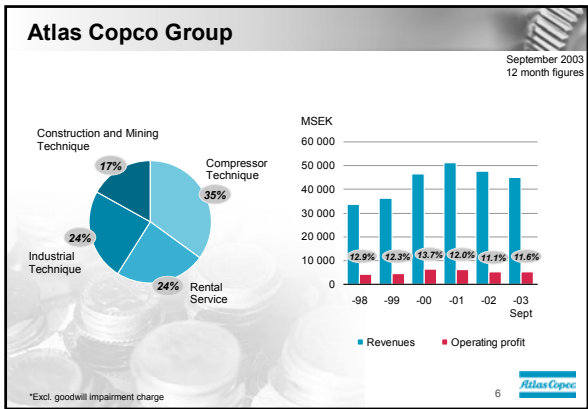
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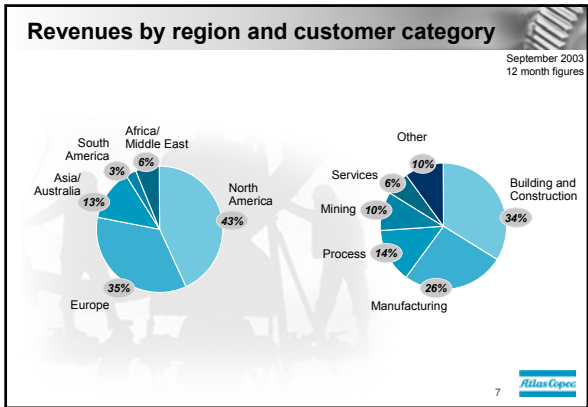
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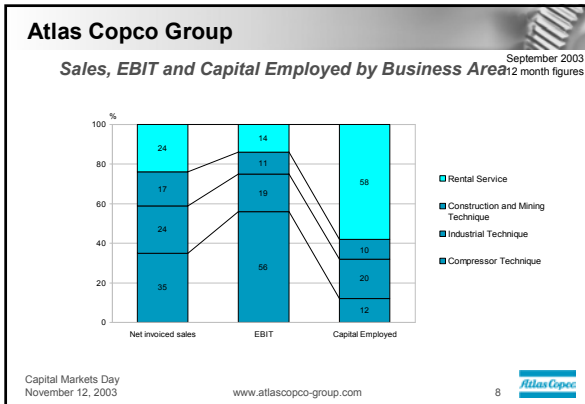
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### Atlas Copco Group

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

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- ### 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> |
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## 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

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

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## A shared vision and a common identity



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## A shared vision and a common identity

### Vision

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



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## A shared vision and a common identity

### Lead in the Share of Mind



✓ Shall be measured

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## 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



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## 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



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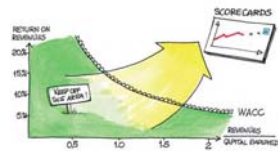
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## A shared vision and a common identity

### 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



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## Sharing of brand names and trademarks



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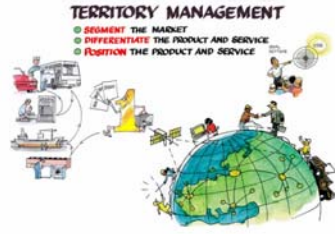
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## Sharing of brand names and trademarks



- A matter of presence and penetration

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## Sharing of brand names and trademarks

### Multi-brand



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

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## Sharing of assets and infrastructure



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## Sharing of assets and infrastructure



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

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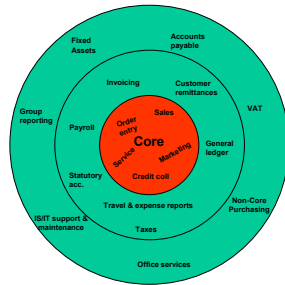
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## Sharing of assets and infrastructure

### Internal Service Providers

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

- ASAP
  - Europe
  - North America
  - Asia



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## Common processes and shared best practices





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**Common processes and shared best practices**




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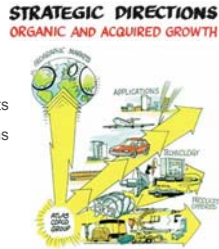
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**Common processes and shared best practices**

*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




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**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




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## 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

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## Common processes and shared best practices

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




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## Common processes and shared best practices

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




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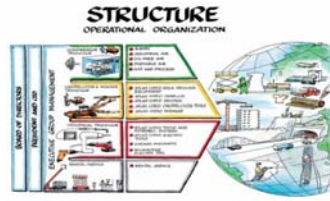
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**Common processes and shared best practices**

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




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**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**

**People employment**

- Recruitment
- Compensation
- Benefits

**People development**

- Mission
- Appraisal
- Coaching
- Training
- New position

**Organizational development**

- Mobility
- Diversity
- Upgrading
- Speed
- Flexibility

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**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

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**Common processes and shared best practices**



- Trust and credibility

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**Common processes and shared best practices**



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**Common processes and shared best practices**

*Business conduct*



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