

# Atlas Copco Group



Atlas Copco Capital Markets Day, December 2, 2008

Gunnar Brock, President and CEO

*Atlas Copco*

## Contents

- Performance today
- Resilience
- Quo Vadis?

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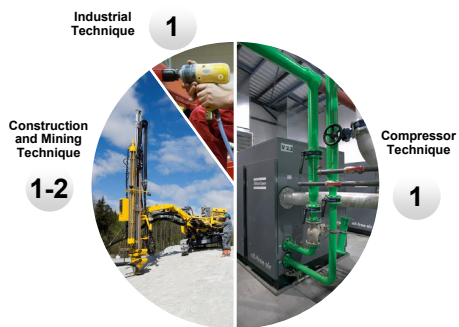
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## Businesses and Market Positions



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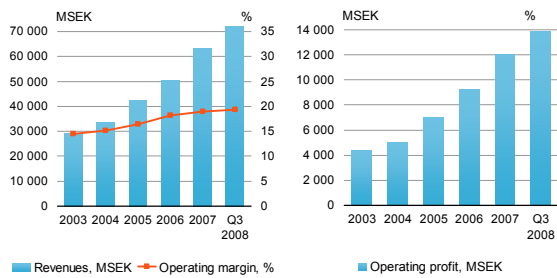
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## Atlas Copco

### Revenues and operating margin



12 month values, 2003-2004 pro forma, excluding divested businesses

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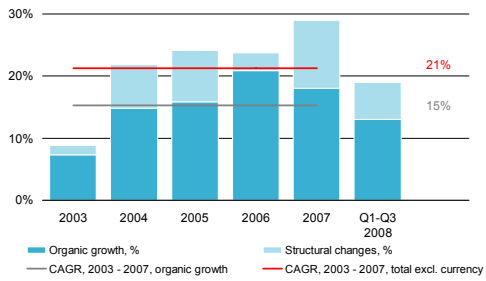
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## Atlas Copco

### Growth – Orders received

Continuing operations (excl. Professional Electric Tools and Rental Service)



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## Innovative Solutions



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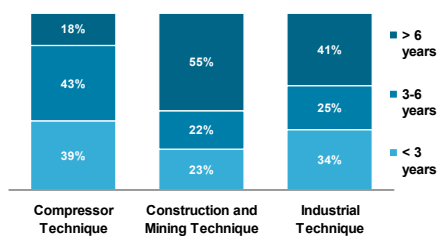
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## Product Development

Share of revenues and product age



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## Sustainability Achievements

- More and new energy-efficient products
- Environmental impact, and health and safety aspects are addressed in all product development projects
- 91% of all product companies ISO 14001 certified
- Work-related accidents decrease further
- A higher proportion of recent graduates recruited are females
- The successful non-profit organization Water for All is expanding
- Recognition received from independent rating organizations



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## What Provides Resilience in a Downturn?

- Diversification in terms of
  - Geographies
  - Industry segments
  - Customers
  - Products
- Aftermarket
- Outsourcing strategy
- Standardization
- Incremental investment steps



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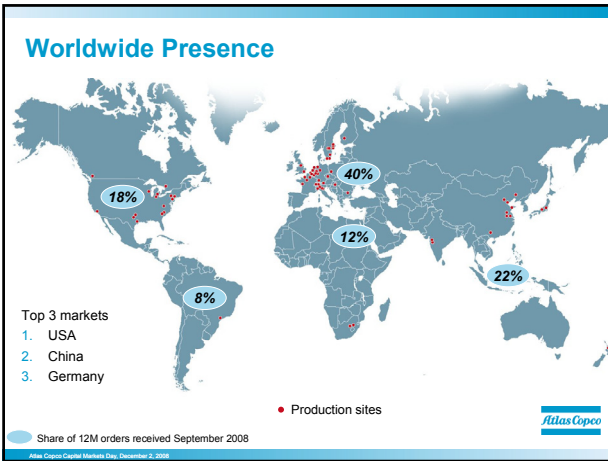
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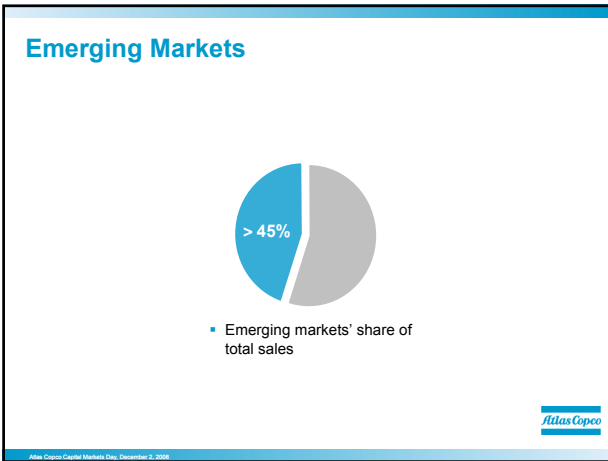
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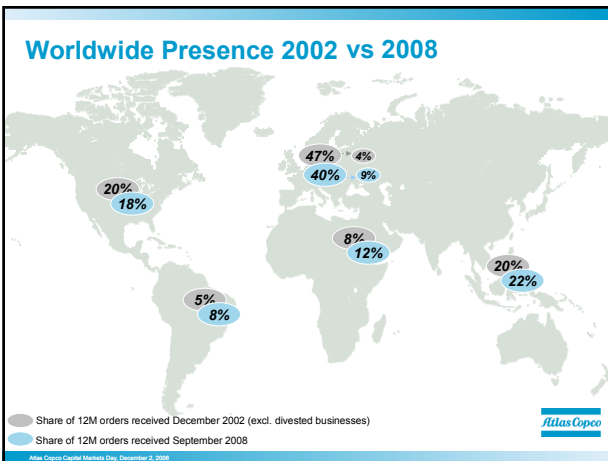
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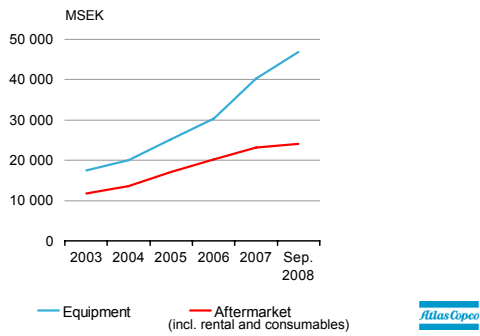
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## Capital Equipment and Aftermarket Revenues



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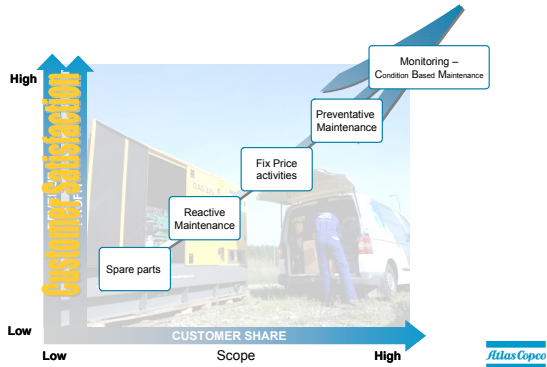
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## Aftermarket Focus



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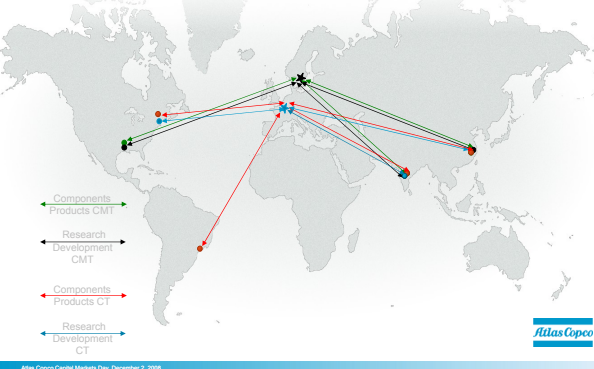
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## Worldwide Presence

Global development, manufacturing, sourcing strategy



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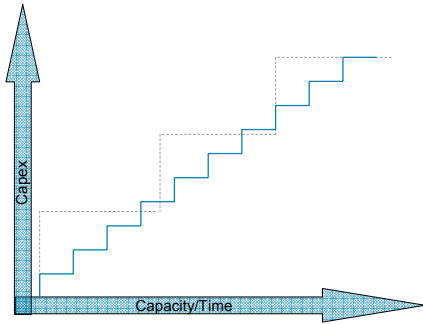
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## Incremental Investment Strategy



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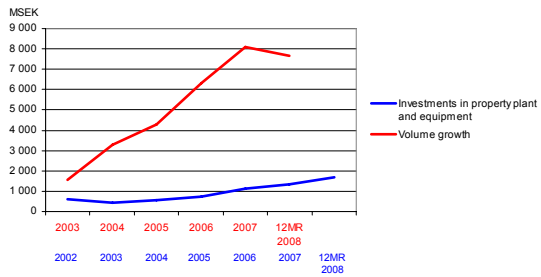
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## Capital efficiency



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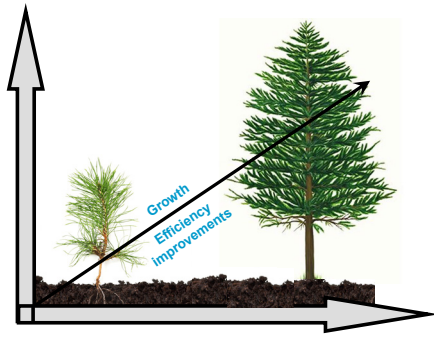
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## Quo Vadis?



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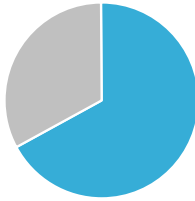
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## Growth Strategy

- ~ 2/3 organic growth
- ~ 1/3 acquired growth



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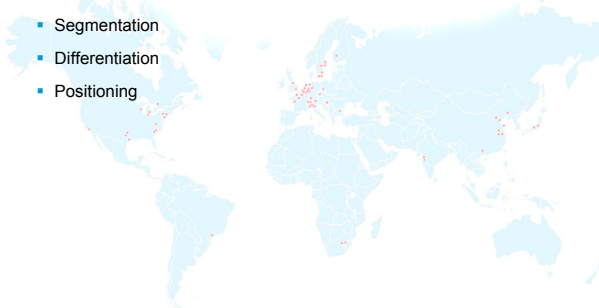
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## Organic Growth

Broaden value proposition and increase presence and penetration

- Segmentation
- Differentiation
- Positioning



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## Organic Growth

### Product and brand offer

- Capital equipment
- Consumables
- Accessories
- Aftermarket



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## Organic Growth

### Channel development

- Direct
- Indirect
- Rental



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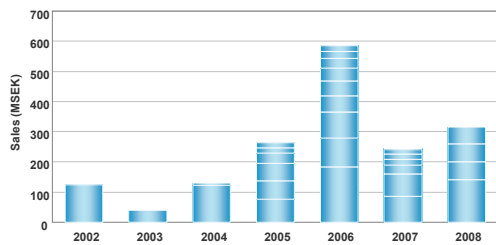
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## Distributor Acquisitions 2002 – Today



Number of distr. acquisitions  
Acquired revenues/  
Group revenues

2002	2003	2004	2005	2006	2007	2008
1	1	2	6	9	8	4
0.3%	0.1%	0.3%	0.5%	1.2%	0.4%	0.5%

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## Operational Efficiency

- Customer centricity
- Sales force efficiency
- Production and supply efficiency
- Capital efficiency



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## Why Aftermarket?

- High growth potential
- High profit potential
- Stable revenue stream
- Optimized business processes
- Enhanced product development
- Closer relation with end users
- Satisfied customers

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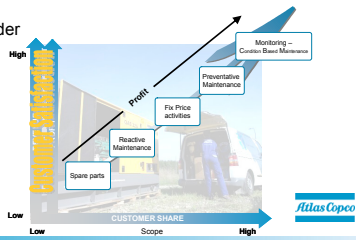
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## Aftermarket

- Organizational separation and focus
- Substantial increase in installed machine base
- Emerging market clients gradually embrace to outsource aftermarket activities
- Move up the service ladder



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## Aftermarket



- Machine population and penetration could add 2 – 4 BSEK/year



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## Acquisitions

- Equipment
- Distributors
- Consumables
- Accessories
- Aftermarket/Service



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## Acquisitions

- Geographic expansion
- Market presence/penetration
- Close product/market/brand gap
- Expand product range
- Increase scope of supply
- Channel to market
- Technology/expertise
- Diversification based on existing knowledge and synergy potential



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## Where Do We Go from Here?

- + Atlas Copco's resilience
- + Fiscal stimulus, infrastructure

- Financial crisis
- Recession



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The Atlas Copco logo, featuring the company name in a blue, italicized serif font, centered between two horizontal blue bars.

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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 effected 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 major customer credit losses."

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