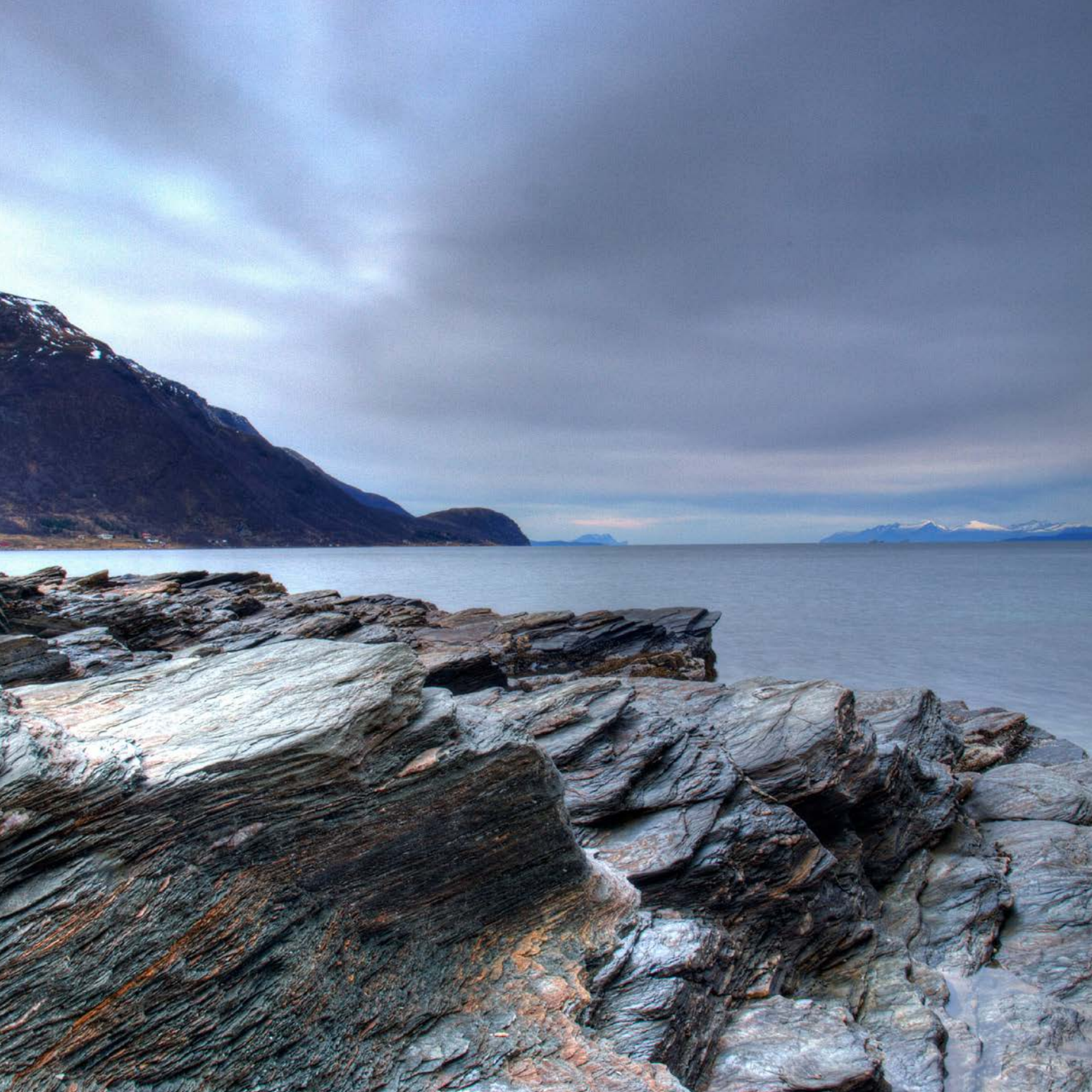
Atlas Copco

140 years of achievements by one of the world's most innovative and sustainable companies

Sustainable Productivity


Atlas Copco
GA 90 VSD FF
WORKPLACE AIR SYSTEM™


MINETRUCK
Atlas Copco
MT42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Atlas Copco

140 years of achievements by one of the world's most innovative and sustainable companies

Sustainable Productivity

Atlas Copco

THERE IS ALWAYS A BETTER WAY

Atlas Copco owes its successful history to the skilled and committed employees who since 1873 have found innovative solutions to our customers' challenges and increased the productivity of their businesses. Where would we be if we didn't have people all over the world, year after year providing customers with the best support?

When our company was founded it made products for railways, but the core of Atlas Copco's business dates back to the early years of the 20th century, when the first compressors, tools and rock drills were manufactured. Today, Atlas Copco has world-leading positions in these product areas and many others.

Much has of course changed in 140 years. We have grown from a Swedish company into a multinational group that supports customers in around 180 countries with own operations in 90. However, throughout this period our spirit and our values have remained intact. Atlas Copco is about innovation, sustainability and ethics. It is about our ability to develop new products and services to fulfill or exceed our customers' needs. It is about enjoying what we do.

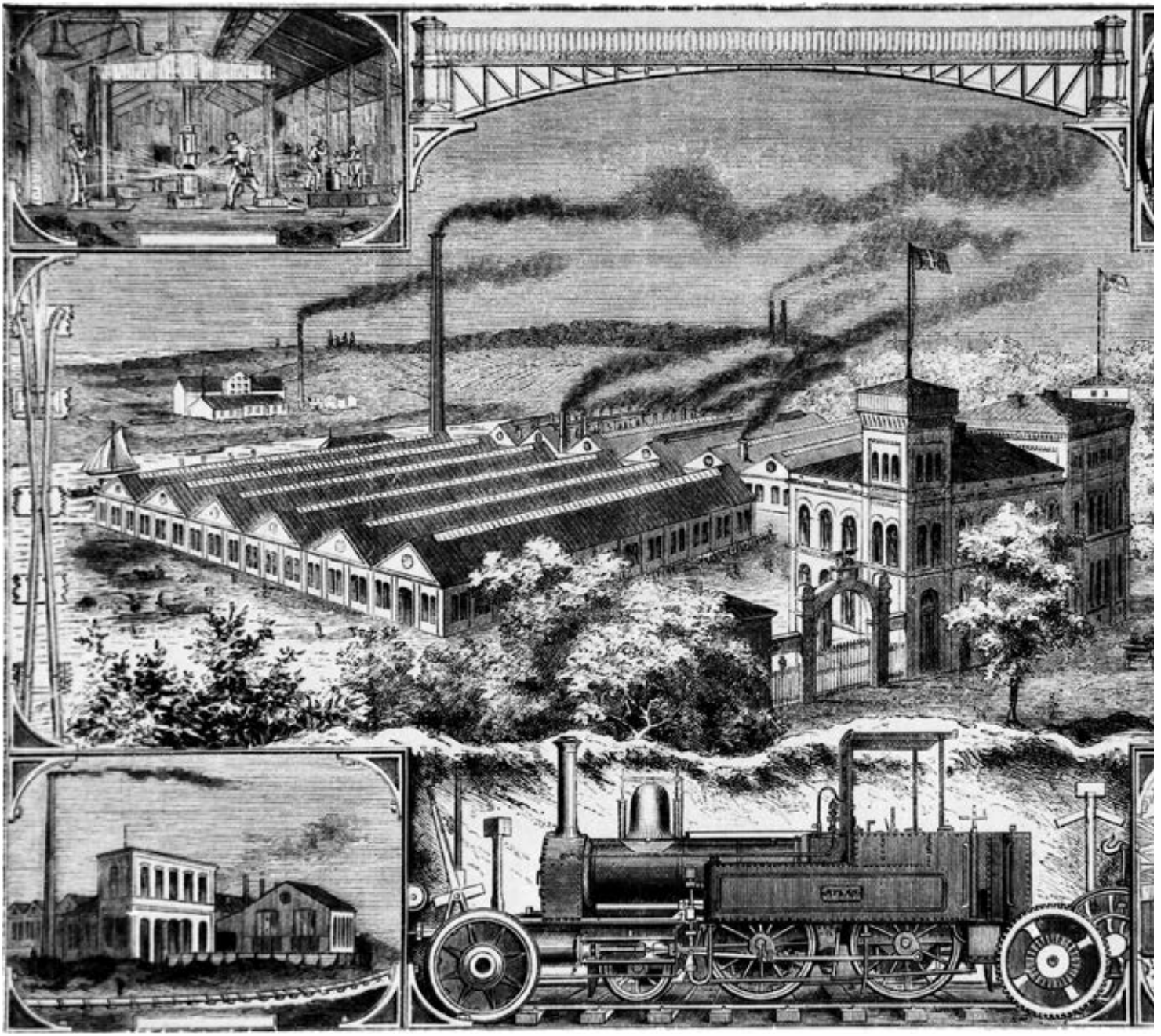
As the world changes, so must we. Megatrends in demographics, living standards and urbanization all put new demands on our capacity to innovate. In cooperation with customers and business partners we must develop new products that meet higher requirements for the usage of natural resources as well as regarding safety, ergonomics and productivity.

Today we express our brand promise as "committed to sustainable productivity". What better proof is there of this commitment than our 140 years of history? I am sure that our strong belief that there is always a better way will help us deliver sustainable productivity also in the years to come.

Atlas Copco, February 21, 2013
Ronnie Leten
President and CEO

CONTENT

THE EARLY YEARS



"Adopted with pride and further improved" may be the best description of the origin of Atlas early pneumatic tools and machines. Atlas bought tools for its own use in production and then further developed them in an interactive collaboration between users, designers, and metalworkers.

TIO aktier å Riksdaler TVÅTUSEN Riksmynt till fullo inbetalde.

TIO AKTIER

UTI

AKTIEBOLAGET ATLAS

RDR 2,000 RMT.

№601–610.

Äfven

innehafvare af detta aktiebref i Aktiebolaget Atlas eger för det till fulla inbetalta aktiebeloppet,

Riksdaler TVÅTUSEN Riksmynt,

delaktighet i bolaget på sätt den af Kongl. Maj:t den 24 Februari nådigst fastställda bolagsordning bestämmer.

Stockholm den 1 November 1873.

För AKTIEBOLAGET ATLAS.

DESS STYRELSE.

Mot detta aktiebref följa 20 st. ränte- och 20 st. vinst-tilskjutningskuponger för åren 1874—1883.

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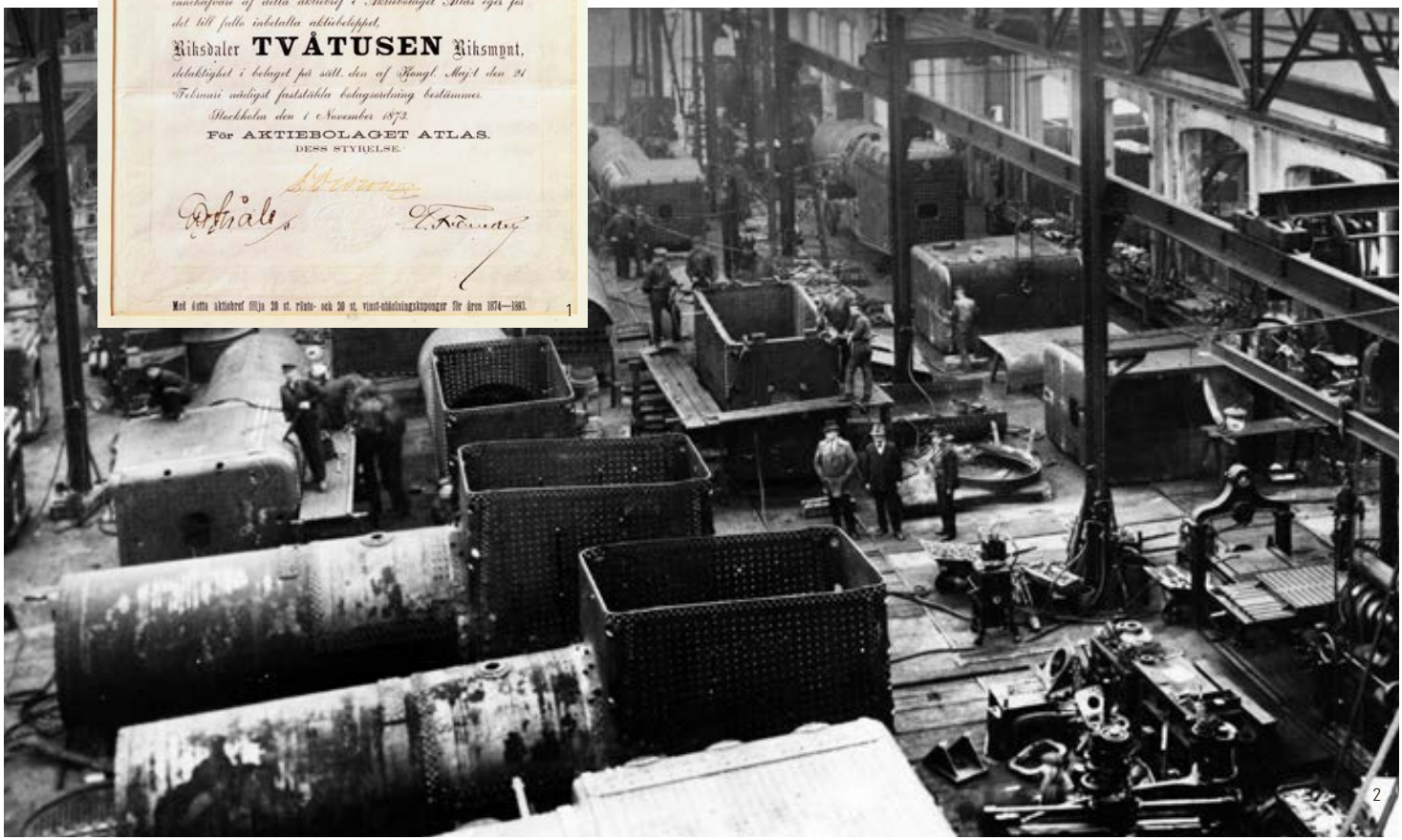

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ATLAS WAS FOUNDED IN STOCKHOLM, Sweden, in 1873 by railway engineer Eduard Fränckel and financiers David Otto Francke and banker André Oscar Wallenberg. Fränckel became the company's managing director. The future looked bright.

3

MODERNIZING SWEDISH SOCIETY

THE SWEDISH ECONOMY was developing and a modern railway system was under construction. Atlas' aim was to offer all types of equipment used in building and subsequent running of a railway network. The Atlas plant was located close to the railway station in the middle of Stockholm, facilitating shipment of manufactured goods.

With one third of Swedish Rail's order for carriages, the newly established Atlas seemed set for expansion and initially posted decent profits. But in 1876, the Swedish Rail's rate of growth slowed abruptly. The profitable years were followed by years of loss. However, with the help of the Wallenberg family, Atlas was able to continue on the road to success.

Despite the fact that André Oscar Wallenberg was one of the founders and the single largest shareholder, the role of the prominent Wallenberg family in establishing Atlas was relatively modest. However, since his bank, Stockholms Enskilda Bank, provided substantial loans, the family's interest in the firm increased at the same rate as its losses. Before Wallenberg died in 1886, he made it clear to his son, Knut Agathon (K.A.), who succeeded him as director of the bank, that the Atlas leadership had to be changed if the negative trend was to be halted.

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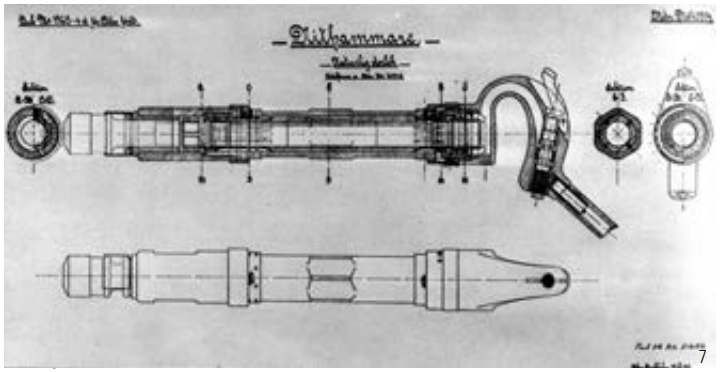

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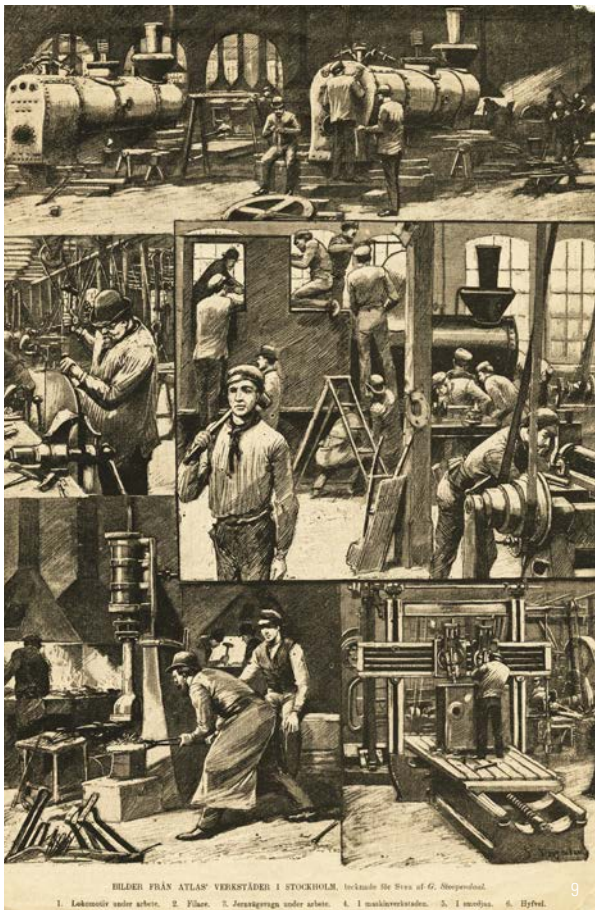
NEW MANAGEMENT AND MORE ADVANCED PRODUCTS

WHEN K.A. WALLENBERG took over leadership of the bank, he tried to find a buyer for Atlas. When this failed, he recruited a new managing director. The choice was Oscar Lamm, leader of AB Separator-Alfa Laval; he took over in 1887.

Under Lamm's leadership, losses decreased, but still more drastic measures were needed. The bank wrote off much of the company's debt when it went into liquidation. But, prior to liquidation, Atlas had begun a strategic shift towards the production of more advanced products, such as steam engines and machine tools. The plant's own machinery was modernized and planing, milling, and grinding equipment were added. Imports from England included a compressor and a yoke riveter, as was mentioned in a paragraph of the 1888 annual report: "The Board, having realized the necessity of a more concentrated effort in the production of steam engines and boilers, has for this purpose purchased and installed a number of new machines, one of which is a pneumatic riveter."

Little was it realized at Nya Aktiebolaget Atlas, New Atlas, that the firm's orientation towards steam engines and the acquisition of a compressor were in fact paving the way for a completely new business line, one that would make Atlas world famous. It was the company's own need for, and use of, pneumatic tools and machines that fueled Atlas' interest and expertise in these products.



INTERNATIONAL INSPIRATION

ON ITS OWN PRODUCTION LINES, Atlas had to upset (thicken and shorten by hammering) sheet metal, then rivet edges to make them leak-proof. A young Swedish engineer, Gustaf Ryd, was fully aware of this when he visited England in 1892 and bought a pneumatic caulking hammer for that very purpose. The following year Atlas acquired a pneumatic riveting hammer from the United States.

The new machines were invaluable on the Atlas production line and the need soon arose for spare parts and replacements. The highly competent craftsmen in the research workshop were given the task of reverse engineering the original machines, without blueprints to guide them.

Ryd was quick to react when, in 1893, Engineering, a British journal, published a cross-section of a caulking hammer. Three weeks later he approved a scaled diagram of the same machine and that very year it went into production. The following year Ryd produced an improved hammer of his own design.

COMMERCIALIZED PNEUMATIC TOOLS

INITIALLY, THE PNEUMATIC TOOLS produced by Atlas were destined solely for the company's own workshops. They were further developed through interactive collaboration between users, designers, and metalworkers. But word spread of their greater efficiency and reliability, creating a spontaneous demand from other major Swedish workshops.

In 1894, a pneumatic riveting hammer was delivered to one of these, Motala Verkstad, who in 1878 had built the world's first oil tanker. In the following year, Göteborgs Mekaniska Verkstad bought another. External demand increased, but it was not until 1901 that the first pneumatic tool was officially introduced on the production line.

Since its foundation in 1873, Atlas Copco has been managed by only eleven President and CEOs. In 1997, Giulio Mazzalupi was the first non-Swedish citizen appointed President and CEO. The second, Ronnie Leten, was appointed in 2009. All but two of the eleven, Walter Wehtje and Gunnar Brock, have been recruited from within the Atlas Copco Group.

1873 – 1887
EDUARD FRÄNCKEL

Eduard Fränckel, Technical Director of the Swedish State Railways, was appointed AB Atlas's first Managing Director. Eduard Fränckel was one of the driving forces behind the creation of AB Atlas.

1887 – 1909
OSCAR LAMM

Together with the Wallenberg brothers, K.A. and Marcus, Oscar Lamm was in charge of the liquidation of AB Atlas in 1890 and the formation of its corporate successor Nya AB Atlas.

1909 – 1940
GUNNAR JACOBSSON

Gunnar Jacobsson, Managing Director of Nya AB Atlas from 1909, continued in the same position at AB Atlas Diesel after the merger with AB Diesels Motorer in 1917. He expanded the pneumatic line with new tools and air compressors.

1940–1957
WALTER WEHTJE

Walter Wehtje represented a new kind of leadership in what had until then been a technology-dominated company. Previously head of a department store in Stockholm, he was a businessman brought up in sales and marketing.

1957–1970
KURT-ALLAN BELFRAGE

Kurt-Allan Belfrage shifted the focus to research and development, including major modernization and expansion plans for the production plants. The oil-free air compressor was introduced and opened up new customer segments and applications.

1970–1975
ERIK JOHNSSON

Erik Johnsson's lasting achievement lies chiefly in the sphere of industrial marketing, where he acted as a pioneer and never-failing source of energy. It was Erik Johnsson who instigated the idea of offering a complete solution rather than selling an isolated product.

1975–1991
TOM WACHTMEISTER

Tom Wachtmeister was first employed by the Group in 1959 and held various positions before he was appointed Managing Director in 1975. He further decentralized the organization and divided it into divisions and three business areas.

1991–1997
MICHAEL TRESCHOW

The Group's development under Michael Treschow can be summarized as better stability, increased profitability, and healthy growth, both through product development and acquisitions. He introduced a new concept, the brand portfolio strategy.

1997–2002
GIULIO MAZZALUPI

A long-timer, Giulio Mazzalupi was the first non-Swede appointed President and CEO. He strengthened the Group's position through successful product innovations, a new production strategy, and improved after-sales service to customers.

2002–2009
GUNNAR BROCK

Gunnar Brock took Atlas Copco back to the core through divestments, but he also expanded into road construction. Putting more feet on the street and thus creating a more customer-centric organization were important strategies.

2009–
RONNIE LETEN

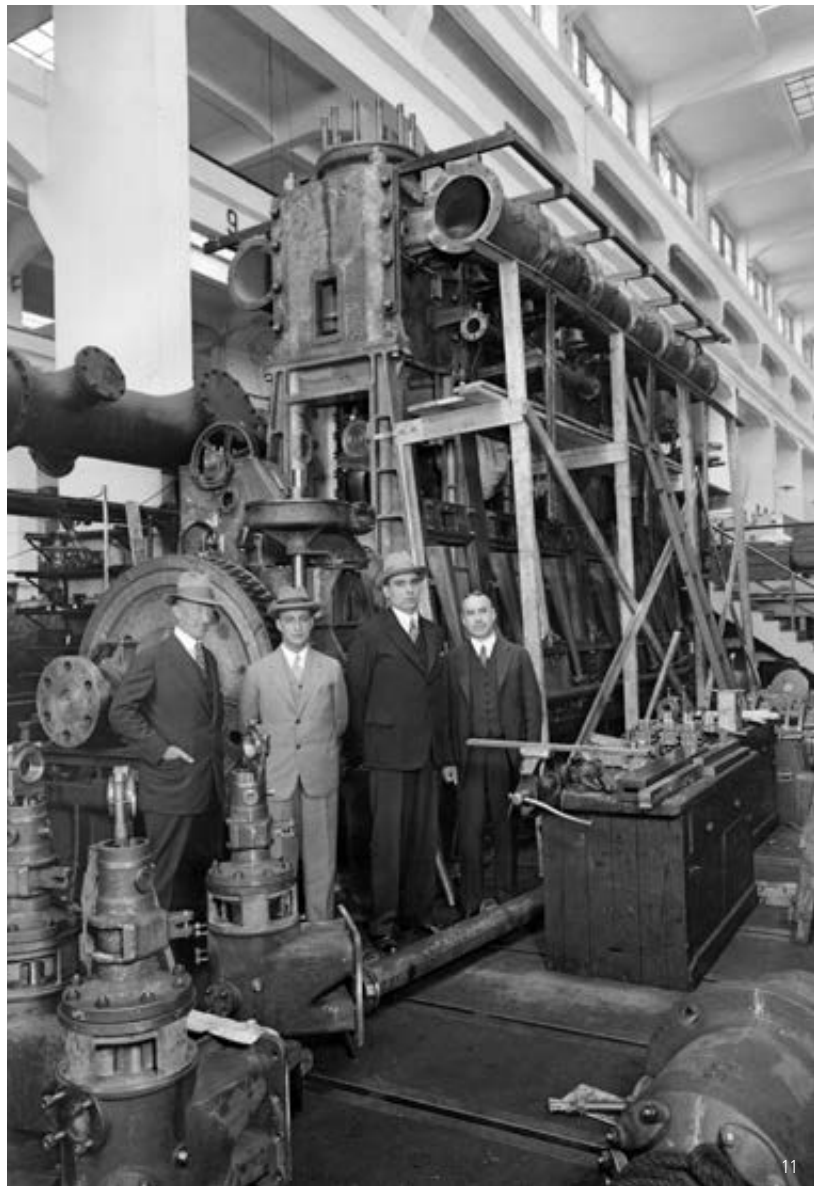
Ronnie Leten has further enhanced the focus on customer relations and experiences and reinforced Atlas Copco's brand management. His approach includes a strengthened service strategy and structure, as well as improved operational excellence.

MEETING THE CUSTOMER'S NEEDS

Industrial marketing is not about signing contracts whatever the price, but about an appreciation of what is best for the customer. It is about building long-term relationships and developing products that fulfill customers' needs.

IN 1917, ATLAS MERGED with Diesels Motorer, which had been founded in rural Nacka outside Stockholm in 1898 by K.A. Wallenberg's half-brother Marcus Wallenberg. The company manufactured marine engines and stationary diesel engines. It was a technically prominent company that made several important design improvements. An invention by Jonas Hesselman in 1906 had made it possible to quickly switch the motors from forward to reverse, which seriously opened up the market for marine engines.

The new company was named Atlas Diesel and, during the 1920s, all operations moved to Nacka.



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PNEUMATIC TOOLS AND AIR COMPRESSORS

GUNNAR JACOBSSON, who had succeeded Oscar Lamm as managing director of New Atlas in 1909, took up the same position in Atlas Diesel. He was first employed as head of the separate pneumatics department, formed in 1901 when Atlas took up regular production of pneumatic tools.

Under Jacobsson the pneumatics department expanded its range with new tools and even air compressors. As early as 1904, a copy of a German compressor was produced, which was driven by Atlas steam engines, and the following year the company launched its own compressor. The same year saw the introduction of the first Atlas rock drill.

THE RANGE OF PNEUMATIC tools and compressors grew continuously. Through a network of agents, a profitable export market had been established by the time the First World War broke out. In 1915, pneumatics accounted for more than 50% of Atlas' revenues and an even greater proportion of the profits. Sweden was not involved in the fighting, but during the war, the network of agents collapsed and export of pneumatic tools came to a standstill.

Hoping for a better future after the war, the Board of Directors in 1917 decided to go in to the Stockholm stock exchange. The shares were listed successfully, but the fortunes of Atlas Diesel continued to decline. Business did not recover as expected when the war ended. More troublesome years were to come.

TEAMING UP WITH THE CUSTOMER

ATLAS DIESEL WAS HIT HARD by the depressions of the 1920s and 1930s, and concentrated its slim development resources and export efforts on diesel engines. However, somewhat behind the scenes, national sales of compressed-air tools were being developed, to a great extent thanks to the efforts of the customer-oriented Josef Hollertz.

Hollertz was an extremely successful Atlas Diesel salesman and a determined "customer ombudsman" within his own company. He became well acquainted with the relatively small number of customers and their problems. He spent time in their workshops and carefully noted opinions, capacity, quality deficiency, and the like. On returning to his Atlas Diesel office, he discussed the customers' demands and requests with the talented Erik Ryd, head of the design department. Ryd often accompanied Hollertz on his visits to customers to gain clarification of the problems. This close interaction with the customers led to important design changes and laid the foundations for the customer focus that has become the hallmark of Atlas research and development efforts to the present day.

THE DEVELOPMENT OF PORTABLE compressors and light rock drilling equipment opened a new market. Hollertz carefully studied the problems encountered by potential customers through observation of conditions in the industry. He found that the market needed a well-developed sales and service organization, and set up branches for sales and service in a number of larger Swedish towns. When he recognized unwillingness in many smaller companies to invest in portable compressors he established a system of rent-and-buy, which led to a rapid growth in the popularity of compressed-air machinery.

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NEW SELLING TECHNIQUE

THE SALES-ORIENTED HOLLERTZ'S experience constituted the basis of Atlas Diesel's training in sales techniques. A basic recommendation was to convince the customer that the offered solution was right for his needs before discussing the price. Hollertz also introduced profit-based sales planning. At the same time, he saw things long term and cultivated relations for the future. To ensure that salesmen's time was used effectively, he produced guides that adapted sales methods and visit frequencies to customers' long-term profit potential.

CULTURAL REVOLUTION AT ATLAS

Atlas' merger and co-location with Diesel Motorer in Nacka outside Stockholm did not bring any change to the company. The two divisions — diesel and compressed air — remained distinct with two different business cultures. The engineers in the two divisions had very little contact with one another. The diesel division was clearly perceived as being the greater of the two, and it was there that the major development projects were carried out and the most qualified personnel were recruited. Employees from the diesel division also served in the most important positions in the company's common functions — in senior management and at the foreign sales offices. Even in the company cafeteria, it was always the diesel personnel who had the best tables.

Financial reports showed the diesel division normally operating at a loss, while the compressed-air section operated at a profit. The diesel division's internal prestige was so great however, that no one was bold enough to draw any operative conclusions. It was always here that the company invested the most money. Management was repeatedly calmed by assurances that the diesel division would get back on its feet after the next reorganization.

CUSTOMER ORIENTATION

When Walter Wehtje was appointed managing director, the intention was to change Atlas Diesel from a technology-based to a market-oriented production company. He introduced a policy in which customer needs became the starting point for the development of product lines and sales strategies.

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THE BANKER MARCUS WALLENBERG JR. had been Chair of Atlas Diesel's Board since 1933. As a financier, he was obliged to make repeated cash injections to offset losses. It became increasingly clear to him that the company's main product, diesel engines, would most likely remain a losing investment, eating up capital. On the other hand, the self-financing, income-generating "side line" of compressed air, despite stringent operating conditions, produced, relatively speaking, a substantial contribution. With managing director Gunnar Jacobsson about to retire, Wallenberg's analysis of the situation contributed to an unorthodox recruitment of a new managing director.

LEADER WITH FOCUS ON SELLING

WALLENBERG DECIDED TO restructure Atlas Diesel, to change it from a technology-based, production-oriented company to a market-oriented one. To carry out this transformation, he chose a friend from his student days, Walter Wehtje, former head of PUB, a well-known department store in Stockholm.

In 1940, Wehtje became managing director and due to international closures through the Second World War, he focused primarily on increasing sales of compressed-air products to new domestic markets. Sweden held a neutral position during the war, but the Swedish Defense Ministry's need for bases and shelters drilled out of rock was of great importance to Atlas Diesel. The commercially-minded director, who was more familiar with the sale of consumer goods, also focused on small companies, developing new, uncultivated market sectors. To do so, he established X-Sales, a sales organization that would work systematically with small companies, offering a customized product line and sales strategies.

On Josef Hollertz's recommendation, 32-year-old Erik Johnsson was put in charge of X-Sales. He advertised ten salesmen positions and received applications from a great many young men. None of the new hires had any notable experience in compressed-air equipment. They were assigned to different


AtlasDiesel
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MAINTENAN
TUNNELLING

regions with lists of potential customers compiled from the telephone book. Their mission was to systematically visit the listed companies and follow any business opportunity that arose.

A BETTER OFFER

AN IMPORTANT TARGET GROUP for the X-salesmen was the smaller workshops. But it was essential for Atlas Diesel to offer appropriate small compressors and a sufficient number of compressed-air applications to motivate them to invest. Wehtje soon recognized gaps in the product line, which resulted in the acquisition of two Swedish workshops that produced small compressors and spray-painting equipment. As a result, the X-salesmen could offer both compressors and air tools for all purposes, from grinding, drilling, blasting and nut-running to tire pumping and spray-painting.

THE SPECIAL CIRCUMSTANCE imposed on Atlas Diesel by the war was opening up a new, specialized market for the X-salesmen: farmers. Sweden was obliged to increase the farming acreage in order to become self-sufficient in feeding its population. The Swedish government introduced Operation Rock Clearance, a special program to assist the farmers in clearing boulders and stones from fields, a great opportunity for Atlas Diesel. The X-salesmen were provided with relevant information, including detailed analyses of the profits that could be made by farmers if they removed the larger boulders.

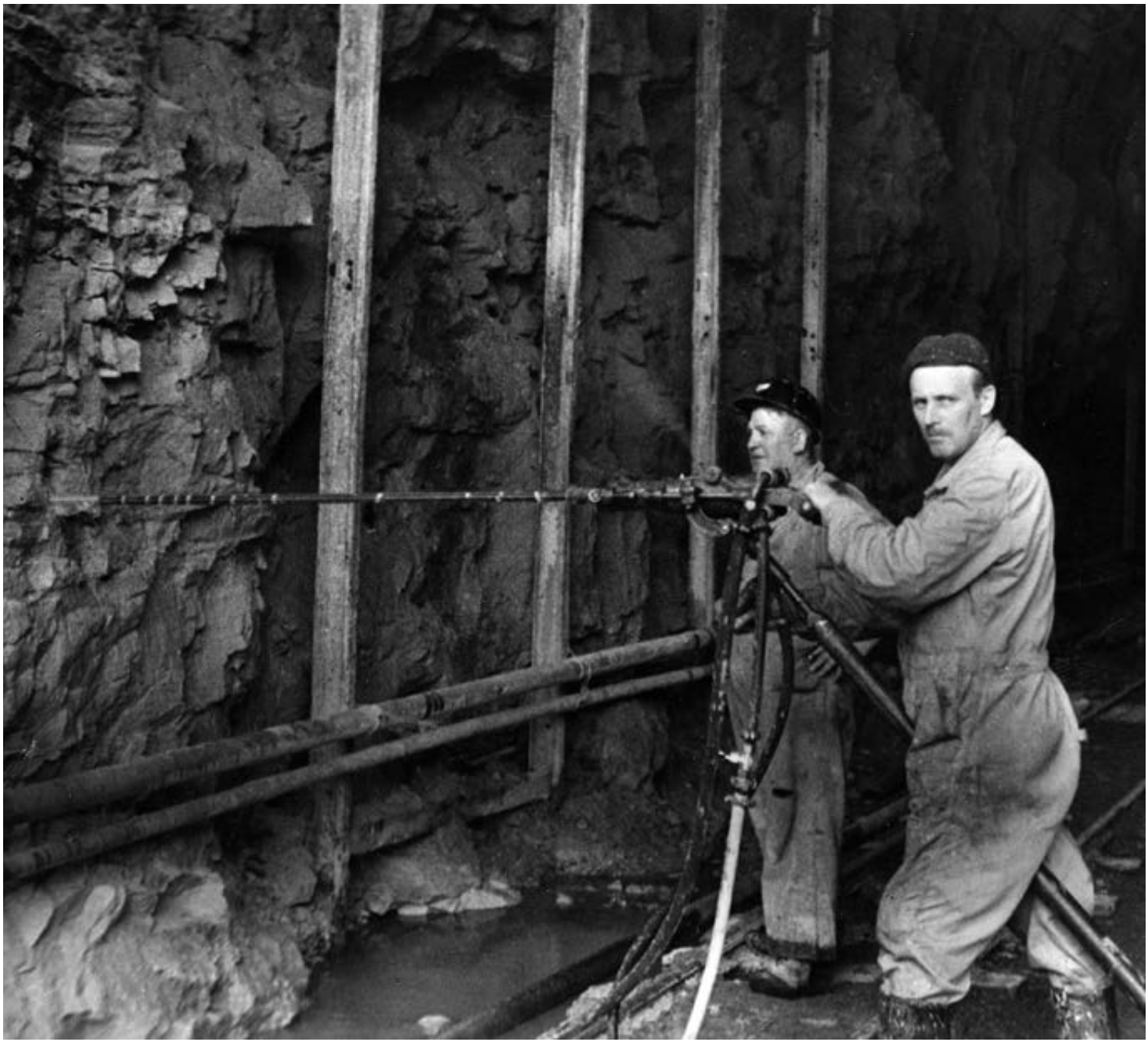
MONDAY JANUARY 22, 1940

When World War II came, many Swedish men were selected for military service in anticipation of an attack and thereby left the workforce. In their place many women got a chance to make their own money in the industry.

"About ten female workers have been employed at the plant to learn some of the lighter jobs. Their clothing was far from uniform. One was dressed in yellow overalls and a white hat, another in dungarees, a third in blue pants and a white jacket, a fourth in a skirt and leather jacket, a fifth in a fur workman's blouse, a sixth in a work coat, and so forth."

From an entry in Lambert Wahlberg's diary. Wahlberg was employed as an overhead crane operator in 1928 at Atlas Diesel in Nacka and kept a diary of everyday life at the plant for over 30 years. A selection of his entries was published at the company's 100-year jubilee in 1973 in the book Utsikt från en travers — View from a Crane.

THE INNOVATIVE SWEDISH METHOD



Atlas Diesel developed a light rock drill about the same time the Swedish steel industry began developing tungsten carbide drill bits through Sandvik. The salesman in Erik Johnsson realized the advantage of marketing the two simultaneously as The Swedish Method. The customer buyers, who found it difficult to negotiate prices for a method, were obligated to let the salesmen deal directly with their technicians, who had a greater understanding of the matter.

CRUCIAL DEVELOPMENT WORK in the field of compressed-air technology was done in the 1920s and 1930s by Erik Ryd, son of Gustaf Ryd, Atlas Diesel's former chief designer. As a newly graduated rock-drilling engineer, he was taken on as senior laboratory technician at Atlas Diesel. When the company opened up its first design office for pneumatic tools, he was appointed its head. He developed close contact with Josef Hollertz, then field salesman, who taught him to always act according to customer needs.

Ryd had a sound knowledge of materials and heat-treatment in combination with an extraordinary desire to improve his customers' productivity. This combination of qualities inspired him to develop, in collaboration with John Munck, an expert on the strength of materials, a pneumatic rock drill that was light, strong, and efficient. This one-man machine, introduced in 1936, could be equipped with a pneumatic pusher leg that rationalized rock drilling considerably.

DURING THE SECOND WORLD WAR the new machine was tested in the construction of Sweden's underground defense facilities and in the country's mining businesses. Different bits were used to drill through Sweden's hard rock types. In terms of cost per meter drilled, very good results were obtained with tungsten carbide drill bits. By the end of the war years it was clear that the innovative and well-tested combination of a strong but light drill with a pneumatic pusher leg and tungsten carbide drill bits gave exceptional performance.

EXPORT AT THE FOREFRONT

AFTER THE WAR, MANAGING DIRECTOR Walter Wehtje worked on increasing exports. Erik Johnsson was sent to Paris in the spring of 1946 to investigate possibilities on the French market. In the course of his visits to French mining industries, Johnsson discovered tougher competition than expected. Competitors' sales staff were relatively unqualified and were underbidding each other.

Consequently, the prices of French and German drilling equipment were very low and Johnsson found no benefit in trying to sell Atlas conventional, heavy rock drills.

Something more was needed to break into the market — a superior method. Johnsson stumbled across the value of selling a whole method, rather than simply a machine, more or less by accident during a visit to coal mines in the French Massif Central. As a companion, he had the Paris head of a Swedish company, Svenska Diamantbergborrnings, the Swedish Diamond Drilling Company. During the trip, they discussed modern methods of tunneling and, among other things, touched on the American heavy method, comparing it to the light Swedish method. Arriving at the mines, they were still discussing the Swedish method, which resulted in the buyers passing them on to the technicians (who would understand what they were talking about). Buyers could negotiate prices for machines and tools but were unable to discuss a whole new method.

THUS A TERM WAS CREATED, Den Svenska Metoden, The Swedish Method, which was to become known all over the world. Atlas Diesel had found a way directly to the technicians and mine directors. Once the method had been sold to the technicians, the purchase of both machines and drills became a mere formality.

There was no way French, American, or German equipment could compete once the technicians had decided in favor of The Swedish Method supplied by Atlas Diesel.

SPECIALIZED COMPANY GOES INTERNATIONAL


UNIVERSE KUWAIT
MONROVIA
Gulf
Atlas Copco

A major effort was needed to quickly utilize the potential of The Swedish Method. Diesel's production was phased out and Atlas Diesel became a specialist company in compressed air that took huge world market shares, thanks to the obvious superiority of its methods.

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WITH HIS COMMERCIAL TALENTS, Walter Wehtje saw the market potential of The Swedish Method. Acting on the advice of Erik Johnsson, he entered into negotiations with the Swedish company Sandvikens Jernverks AB (Sandvik) to obtain sole rights to its drill steel and drill bits. Agreement was reached in 1947, after which the road was open to market The Swedish Method in the form of light, pneumatic rock drills fitted with Sandvik's tungsten carbide drill bits. The Swedish Method gave obvious advantages over competitors and world markets opened up for the company.

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COMPRESSOR CENTER FOUNDATION

In 1956, Arpic Engineering was acquired at a price of MSEK 5.7. The acquisition included an 8 000 m^2 portable-compressor production facility and 300 employees. The beginning was tough from a profitability point of view, but the business was brought to a satisfactory level within two years.

Soon after the Arpic acquisition, the product scope was enlarged to cover all types of compressors. A real market breakthrough came in 1967 when Atlas Copco launched the first high-speed oil-free air compressor, broadening the customer base to include, for example, textile, food, and pharmaceutical industries. It was named Z as the ultimate compressor innovation.

In 1968, Arpic became Atlas Copco Airpower, which was established as an independent product company with the mission to be the compressor center of the Group. At that time the company had grown to 1 700 employees working in an ultra-modern plant. Some 97% of its production of portable and stationary compressors, aftercoolers, and ancillary equipment was exported all over the world through the Atlas Copco sales network.

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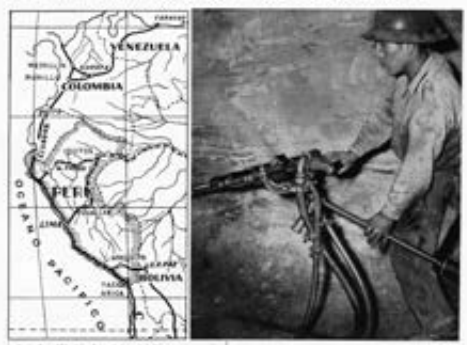
TUNNEL CONSTRUCTION IN PERU FOR PAN-AMERICAN HIGHWAY . . .

Work is now well ahead on the Pan-American Highway which, when completed, will run from Buenos Aires in the Argentine, through the whole of South America and Mexico up to the United States. The highway is reported already completed in the Argentine and, to some extent, in Chile and Peru as well. And so steadily this vast project—comparable to the Burma Road and Alaskan Highway in its scope—takes form as it progresses towards North America.



THROUGH MOUNTAINS

In 1950, the Peruvian Government presented its total programme for the construction of the highway through their country. A start was made from the capital, Lima. In 1954, 310 miles of the highway had been completed. It was then possible to commence work on the more difficult sections which are to run through mountain ranges in southern Peru. This involved a great number of blasting operations and also meant the driving of several tunnels.

ATLAS COPCO EQUIPMENT

Two of the tunnels have now been completed. One is 300 feet long, with an area of 430 square feet. The other, 900 feet long. The equipment to drill these tunnels is exclusively Atlas Copco—also used to an extensive degree on the roads. (This equipment was supplied by Compañía Atlas del Perú.) At work are fifty Atlas Copco light rock drills, all fitted with Sandvik Coromant tungsten-carbide-tipped drill steels, the world's most widely used integral steels. Other Atlas Copco equipment used on the construction of the Pan-American Highway includes seven compressors and a number of loaders.

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OFFERING PROJECT ASSISTANCE

IN COMPARISON WITH PRODUCT selling, method selling was particularly demanding. Often, the customers' technicians needed concrete assistance in planning projects. Patrik Danielsson, the engineer responsible for technical service during the testing of The Swedish Method, knew better than anyone how it should be applied. He kept regular records and developed a special "project department" that worked in consultation with customers. The department took upon itself to issue instructions as to how the new equipment and technology should be used in the construction of tunnels, mine galleries and rock shelters. For the most part, they could also show customers how to save both time and money.

With the support of the project department, a large number of special teams of young drill masters, engineers, and managers-to-be were sent globally to the customers' locations for controlled drilling demonstrations. Results convinced even the most conservative and patriotic mining customer. The success of The Swedish Method was outstanding and was brought about by its superior productivity, readily apparent for all to see.

Atlas Diesel's management realized the results of these drilling demonstrations to be short-lived unless the company could rapidly establish a local presence in order to build confidence and serve customers around the world. For this reason, during Wehtje's time at the company, more than 20 new sales companies were established.

During the second half of the 1940s, sales of compressed-air equipment increased tenfold, and in the 1950s, fivefold.

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EXIT FROM DIESEL ENGINES AND A NEW BRAND

ATLAS DIESEL DID NOT HAVE enough resources to both produce diesel engines and further develop compressed-air equipment. In 1948, the company decided to terminate the now unprofitable diesel engine production. After having produced 5 447 such engines, this side of the business was sold. All technological resources and workshops could then be applied to the expansion of profitable production of compressed-air machines and equipment. With this, Atlas Diesel became totally oriented towards compressed air. In 1956, after the acquisition of Arpic Engineering NV in Belgium, the company's name was changed to Atlas Copco. Copco came from the French words Compagnie Pneumatique Commerciale.


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THE DEVELOPMENT OF THE LOGOTYPE

The Atlas Copco logotype is unique in shape and color and it enjoys high recognition wordwide. The logotype represents 140 years of knowledge and experience. It breathes the values of the Group and communicates sustainable, profitable growth. The logotype is also what unifies all Atlas Copco companies and which has a great impact on every market where Atlas Copco conducts business.

The actual process to unify the Atlas Copco logotype started in the early 1960s when management at the time realized the importance of communicating under a common framework. Before that time there were a number of different versions. The new "house style" was established and implemented in 1961. Before this year several logotypes had been used simultaneously. In 1997, the Atlas Copco logotype was refined through a slight modernization of the font. The objective was to have a logotype that could also be read when printed in smaller formats such as on the industrial tools or in printed matter.

WIDENING TRADE HORIZONS

Atlas Copco's international breakthrough was based entirely on The Swedish Method and all business was with the mining industry, which was sensitive to economic fluctuation. During the 1960s, efforts were focused on local construction and industrial sectors.

ATLAS COPCO'S INTERNATIONAL breakthrough came under the leadership of Walter Wehtje. The superior performance of The Swedish Method was exploited worldwide, wherever important mining operations could be found. But when he left the company in 1957, the competitive strength of the method was fading and the economically sensitive mining industry was in decline. Atlas Copco was affected by this and at the same time suffering from growing pains. By now Wehtje had more than 50 executives reporting to him directly. Approximately half of these were in charge of foreign sales companies and the rest responsible for different sections such as technological development and production in Sweden and abroad.

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A great new partnership!

Arpic Engineering—one of the foremost manufacturers of portable compressors—is now a part of the Atlas Copco Group of Companies. This will result in the mutual pooling of production resources and technical ideas, and in the increase of existing world servicing facilities.

NOW THAT ARPIC ARE PART OF THE ATLAS COPCO GROUP YOU WILL BE ABLE TO CHOOSE A COMPRESSOR FROM ONE OF THE BIGGEST RANGES OF PORTABLES IN THE WORLD

INCREASED PRODUCTION FACILITIES WILL SPEED DELIVERY

POOLING OF TECHNICAL IDEAS WILL IMPROVE THE DESIGN OF COMPRESSORS

AN EXTENDED WORLD-WIDE SERVICE

The Atlas Copco Group of Companies

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DELEGATION AND RENEWED TECHNOLOGY FOCUS

AT THIS POINT, MARCUS WALLENBERG JR. once again made an unorthodox management choice. As Wehtje's successor he appointed Kurt-Allan Belfrage, a polyglot and experienced diplomat who was accustomed to leading discussions at the highest level. He turned out to be a first-class delegator and coordinator of the international group. He immediately instigated a restructuring, the aim of which was to increase the independence of the subsidiary companies along with a complete reformation of the technical division.


ATLAS COPCO MEXICANA, S.A. DE C.V.

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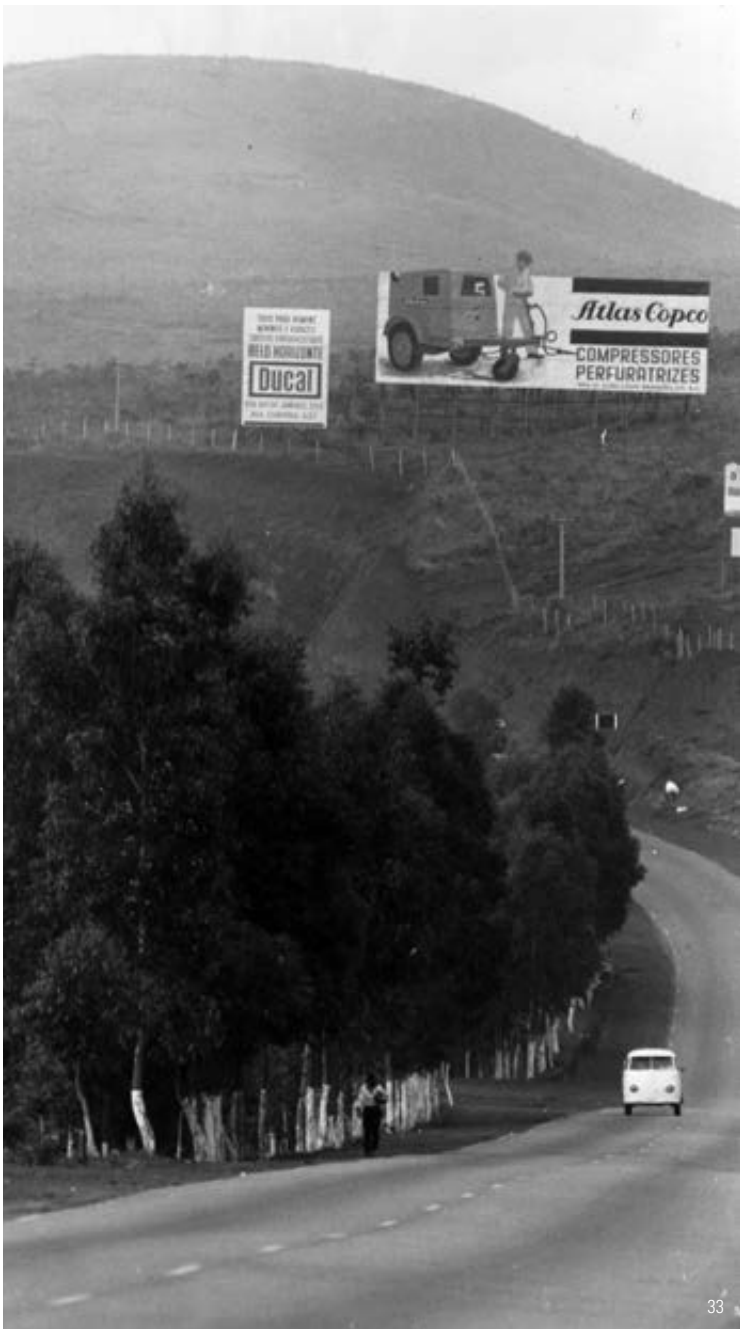
Ducal
Atlas Copco
COMPRESSORES
PERFURATRIZES

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Belfrage appointed two deputy directors. One of them, market-minded Erik Johnsson, was put in charge of sales. The other was responsible for all technical matters, including production.

Belfrage himself had no technical experience or training; in spite of this, it was technological development and production coordination that attracted his immediate attention. The extreme focus on sales that had been the hallmark of Wehtje's leadership had led to stagnation in the field of technology. The company was no longer ahead of its competitors as far as products were concerned, and production methods were falling behind the times. As Belfrage could not find a deputy director for technology within the company he appointed Sture Ekefalk, director general of Vattenfall, the Swedish government-controlled power company. Intensive research and development was initiated under the new unified leadership.

PRODUCT DEVELOPMENT ENHANCED

THE PRODUCTION PLANTS were modernized and expanded and product development was initiated in a number of areas. Compressors were rapidly developed and mechanization was introduced to the mining and construction side. The successful light Swedish method was by now outdated. In the product range of Atlas Copco, it was giving way to heavy, highly mechanized drilling rigs.

THERE IS NO OTHER SUCH COMPANY

Peter Wallenberg, born in 1926, is the fourth generation head of the Wallenberg family. In contrast to his predecessors, he chose to forgo a career in banking and instead went into manufacturing, where he primarily engaged himself in sales. Wallenberg is without doubt Sweden's most famous businessman. He has been — and is — highly influential in many of Sweden's largest companies and his network spans industry leaders, presidents, and royalty around the globe.

In 1953, Peter Wallenberg was employed at Atlas Diesel and began learning the company from the ground up by working in the service repair shop. He later traveled to customer sites to, for example, repair compressors. He worked as a salesman for many years and was the managing director for the company in the United States, Great Britain and Rhodesia.

In 1970, he became the deputy CEO of Atlas Copco. Four years later, Peter Wallenberg became Chair of the Board and in 1996 he was appointed Honorary Chair of Atlas Copco.

When asked if Atlas Copco is his favorite company the answer comes instantly: "There is no other such company."

The range of handheld tools for the manufacturing industry was also developed and expanded. Development work was primarily geared towards a breakthrough in the automobile industry with the help of pneumatic assembly tools and systems. Systematic industrial design was introduced and the highly creative designer Rune Zernell gave substantial contributions to the development process. In the 1960s, close collaboration with medical experts led to a considerably enhanced ergonomic design of Atlas Copco tools. The market responded positively to the improvements.

NEW ORGANIZATION WITH THREE PRODUCTION COMPANIES

RESEARCH AND DEVELOPMENT efforts paid rich dividends. By the end of the 1960s, Atlas Copco was firmly established as a new organization, cemented by a major restructuring in 1968. The Group was divided into three production companies: Mining and Construction Technique, Airpower, and Tools, all with a common sales organization.

ONCE THE NEW ORGANIZATION was in place, managing director Belfrage, now over 60, wanted to leave the company. Despite Chair Wallenberg's efforts to persuade him to stay, he retired in 1970. At the request of Wallenberg, Belfrage named his own successor. He was chosen from Atlas Copco's internal ranks: Erik Johnsson, who had been independently responsible for sales during Belfrage's time, was appointed managing director. Under his leadership large investments had been made in the sales organization, which was characterized by high competence, high-quality service, and enduring customer relations. Johnsson was succeeded as director of sales and deputy managing director by Peter Wallenberg, Marcus Wallenberg's son.

MASTERING ERGONOMICS

Atlas Copco is seen as an expert in ergonomic tool design and shares its know-how with customers all over the world. Pick up almost any book on industrial design from the past century and you will find a reference to how Atlas Copco has improved the operator's daily work.

The scope of ergonomics lies in the interaction between the operator and his or her power tool. The challenge for the engineers is to find an optimal combination of different ergonomic parameters including handle design, external load on the operator, weight, temperature, shock reaction, vibration, noise, dust, and oil.

Ergonomics became a natural aspect of power-tool product development and design in the 1960s, some ten years after Rune Zernell's development of a new pioneering drill handle. Still today, this breakthrough handle engineered for the human hand is used on newly launched drills more or less in the same shape.

INNOVATIVE COMPRESSOR TECHNOLOGY

Atlas Copco's innovative compressor technology exceeded the demands and expectations of its existing customers. Simultaneously, the foundations were laid for new applications of compressed air in altogether unexplored areas and market sectors.


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IN THE EARLY 1950s, the time was ripe for a radical development of compressor technology. It was not only a matter of developing and improving existing technology in close collaboration with customers, but also of taking giant steps towards a completely new technology.

Development of screw compressors began with a design patented in the mid-1930s by the Swedish inventor Alf Lysholm, when its practical application had yet to be seen. The complex screws were difficult to manufacture with sufficient precision while avoiding deformation, breakage, and leakage. In 1954, Atlas Copco acquired the rights to manufacture and sell screw compressors made according to the Lysholm concept, and the following year the first compressor was delivered to a mine of the Swedish company LKAB. There remained a good deal of development work, however, before the principle could be applied to a full line of products.

AN ESSENTIAL ACQUISITION

WHEN ATLAS COPCO acquired the Belgian compressor company Arpic Engineering NV in 1956, it was a step of great importance for the future. Iwan Åkerman, a young Swedish engineer, was soon faced with a new and challenging task. He was put in charge of the technical side of the acquired company. In October 1956, he went to Belgium as the first Swedish employee on site to ensure the transfer of Atlas Copco's technology. He was immediately involved in new tasks which resulted, among other things, in the development of a new, air-cooled, portable piston compressor.

IWAN ÅKERMAN HAD NO previous experience in compressor technology when he, in 1955, was taken on by Atlas Copco as a laboratory engineer. However, in control of the compressor laboratory in Belgium, he became a key driving force in the innovation process. Åkerman studied the main competitors and different compressor techniques and started to experiment with oil-injected

screw compressors by simply using screw compressor elements that he bought on the market. Thus, Atlas Copco could introduce the first oil-injected screw compressor to the market in 1958.

PROGRAM FOR RESEARCH AND DEVELOPMENT

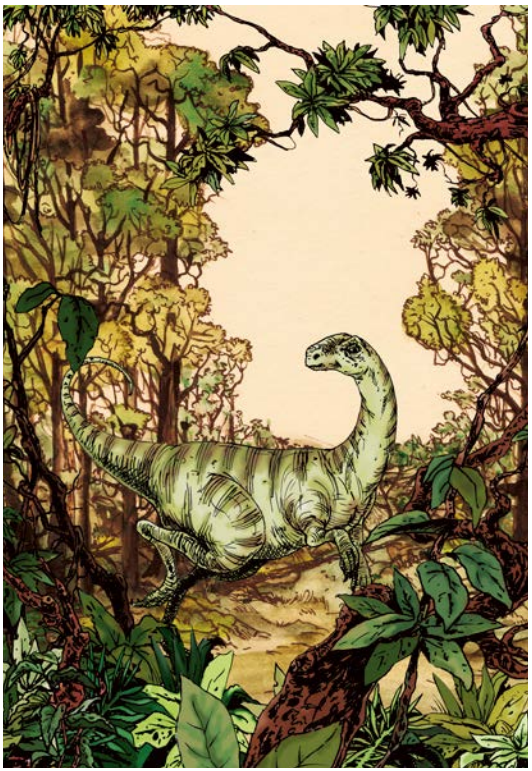
IN 1962 ÅKERMAN RETURNED to Atlas Copco in Stockholm where he became head of research and development. He set up a program of development issues to increase the efficiency and broaden the use of the screw compressor. The possibility of launching high speed, stationary and portable screw compressors for oil-free air loomed on the horizon.

In 1967, Atlas Copco introduced a portable screw compressor that produced oil-free compressed air without oil injection in the compression chamber. It also became the foundation for a range of stationary, electrically-driven compressors.

The unit was almost totally free from vibration and could therefore be installed at low cost on the customer's site.

WITH OIL-FREE COMPRESSED AIR, Atlas Copco broadened its market further. New opportunities opened up in, for example, the textile, food, and pharmaceutical industries. New categories of possible customers who could use oil-free compressed air in their production processes came into focus.

In conjunction with the 1968 reorganization, Atlas Copco Airpower NV (formerly Arpic) became an independent production company with Iwan Åkerman in charge. Development and production of compressors were concentrated in Belgium and some 60 Swedish technical engineers moved there. To Åkerman, it was a great challenge to develop concepts in close collaboration with customers that broadened the use of compressed air and gases in a variety of applications.



THE ATLASCOPCOSAURUS

In 1984, a new type of dinosaur was found at the Dinosaur Cove East site on the coast of Victoria, Australia. It was named Atlascopcosaurus loadsi after Atlas Copco, who had provided equipment for the dig, and William Loads, the state manager for Atlas Copco at the time, who assisted during the dig. Atlascopcosaurus means Atlas Copco lizard.

It has been estimated that an Atlascopcosaurus, a plant-eating dinosaur, was about two to three meters long and weighed roughly 125 kg.

GROWTH THROUGH ACQUISITIONS

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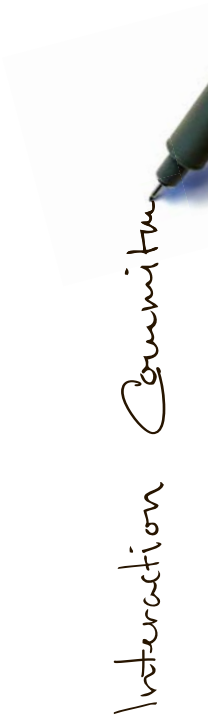
Since the mid-1970s Atlas Copco, once a company concerned solely with compressed-air products, has broadened its business. Through strategic acquisition of companies and a well-reasoned brand-portfolio strategy, customers have been offered ever-greater choice and more complete system solutions.

WHEN TOM WACHTMEISTER succeeded Erik Johnsson as President and CEO of Atlas Copco in 1975, he faced no easy task. The market had weakened in some very important customer segments, such as the mining and construction industries. Production costs had gone up in manufacturing countries, not least in Sweden and Belgium. In several established areas of application, compressed air was under threat from other sources of energy, for example electricity and hydraulics, which reduced the demand for traditional compressors. Wachtmeister was obliged to both brake and accelerate in order to achieve continued expansion while keeping the business profitable. This resulted in structural changes and rationalization but, above all, in a number of strategic company acquisitions and a focus on Asia that paved the way to a broader product range and enlarged markets.



COMPLEMENTARY PRODUCTS

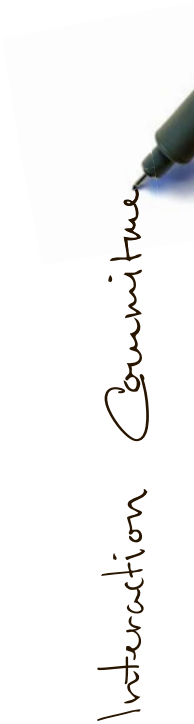
IN THE AUTUMN OF 1975, Atlas Copco bought a majority holding in Berema, whose lightweight, gasoline-driven drills and breakers were a natural complement to Atlas Copco's Cobra drill. The following year, the product line was complemented with small compressors through the acquisition of Mauguière, a French company. In 1980, Airpower made several strategic purchases that greatly strengthened its business potential in the United States. The purchase of Turbonetics Inc. gave Atlas Coco valuable knowledge about centrifugal compressors. In 1984, the purchase of part of Linde AG, a German company, in similar fashion paved the way for rapid development in the field of gas compressors.

GREAT POTENTIAL IN TOOLS

AT THE START OF THE 1980s, Atlas Copco was a world leader in both rock drilling and compressed air. Within Tools, the third field of operation, there still remained a large primary potential. In 1984, Tom Wachtmeister appointed Michael Treschow as managing director of Atlas Copco Tools AB. Treschow's mission was to strengthen the company's market position and widen the product line in this, Atlas Copco's third "leg." Rapidly, he laid the groundwork for powerful expansion in this up-and-coming industrial technique business area.

Via strategic acquisitions, Treschow strengthened Atlas Copco's position on the American, French, and British markets. In 1987, Atlas Copco acquired the highly-regarded Chicago Pneumatic Tool Co., with a very strong position in American industry and automotive workshops. Through this purchase, Atlas Copco instantly became the world's largest manufacturer of pneumatic tools and assembly systems.

The following year, SA Ets Georges Renault, a French company, was acquired. They manufactured industrial tools, particularly grinding and sanding



WATER FOR ALL

Atlas Copco has always strived to be a good and responsible corporate citizen, recognizing that a real long term commitment to the customer also means taking care of the surrounding community. To this end, the Group encourages its employees to engage in philanthropy, supporting orphanages, helping victims of natural disasters, or working for a better environment.

The most widespread activity is Water for All, a nonprofit organization managed by Atlas Copco employees. Water for All was founded in 1984 and seeks to improve the severe problems caused by water shortages and deficient sanitation. Together with nonpolitical partners, Water for All drills or digs new wells or protect natural springs.

Water for All is also empowering females, as it is usually women and girls who are walking long distances, often under risk of being attacked, to collect water of questionable sanitation, which often causes dysentery or even typhus. Relieved of this time-consuming and risky activity, women can take care of a family or earn an income from cultivating a small garden or starting a backyard business, and girls can go to school and learn to read and write.

Water for All is funded by employee donations. Since the start, Atlas Copco has matched the contributions but from 2011 the employee donations are matched by double.

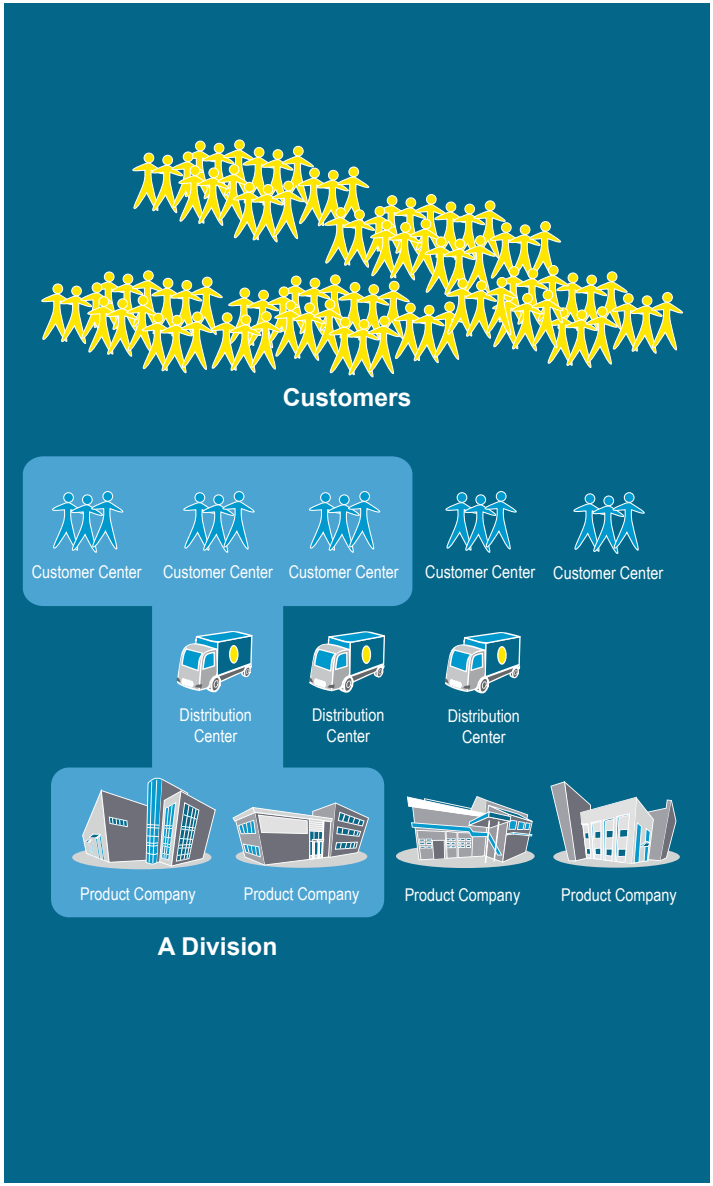
machines and small assembly systems. Atlas Copco thus acquired a supplier with a very strong brand name in French industry. In 1990, the company bought Desoutter Brothers Plc., which had a broad base in industrial tools and assembly units. In order to expand further, the electric tool manufacturers AEG Elektrowerkzeuge and Milwaukee Electric Tool were acquired, in 1992 and 1995, respectively.

A NEW BRAND PORTFOLIO STRATEGY

UNDER THE DIRECTION OF TRESCHOW the Industrial Technique business area was developed with a conscious and thoroughly reasoned brand portfolio strategy. When, in 1991, he succeeded Wachtmeister as President and CEO of the Atlas Copco Group, he consolidated this strategy with several brands across the entire company.

The policy of strategic company acquisitions in the construction and mining sectors successively incorporated several strong brand names into the product line. It was not a question of competing products, but complementary products that widened the choice available to Atlas Copco's customers in the mining and construction industries.

Among important products with their own brand names, special mention should be made of Secoroc drill steels, Craelius exploration equipment and loaders and mine-trucks from Wagner.



STRENGTHENING CULTURE THROUGH MOBILITY

From the time of establishment until the late 1980s, Atlas Copco had one sales company (customer center) per market led by a managing director who reported directly to the President and CEO of the Group. The President and CEO at the time selected the managing directors, who in turn appointed his or her employees.

In order to give each product its best chance on the market, Atlas Copco began to divisionalize its structure in the 1980s, which meant that the products were allocated to divisions. The new structure was fully implemented in 1989.

The divisions are operational units with profit responsibility through the whole value chain starting with product development. The customer centers are in charge of sales and service while the product companies managed the product development process, production, and distribution. Each division is headed by a division president, who reports to a business area president.

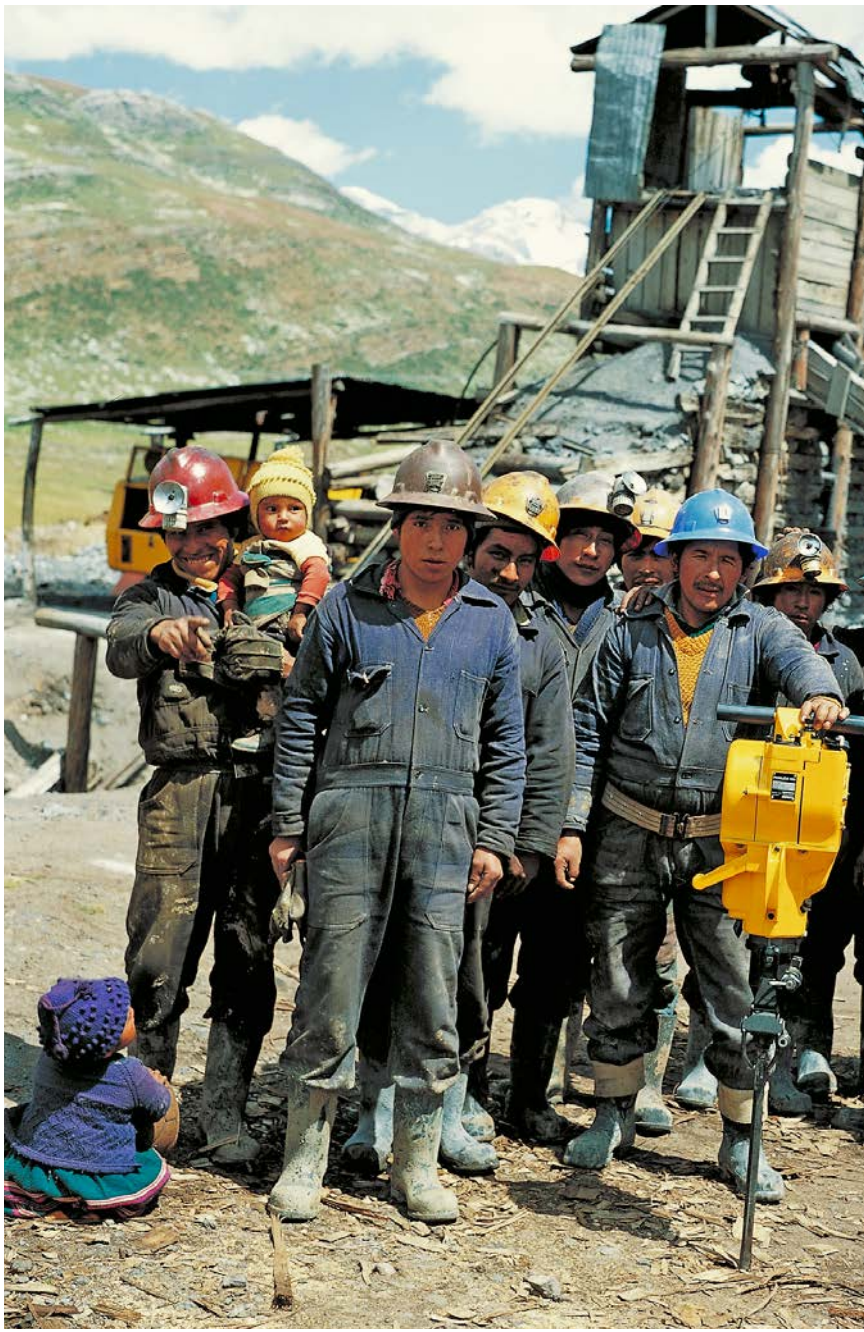
The business advantages of this new organization were immediate and led to enhanced growth and improved profitability. Increased transparency in the reporting made it easier to define potentials, as well as areas that needed to be addressed.

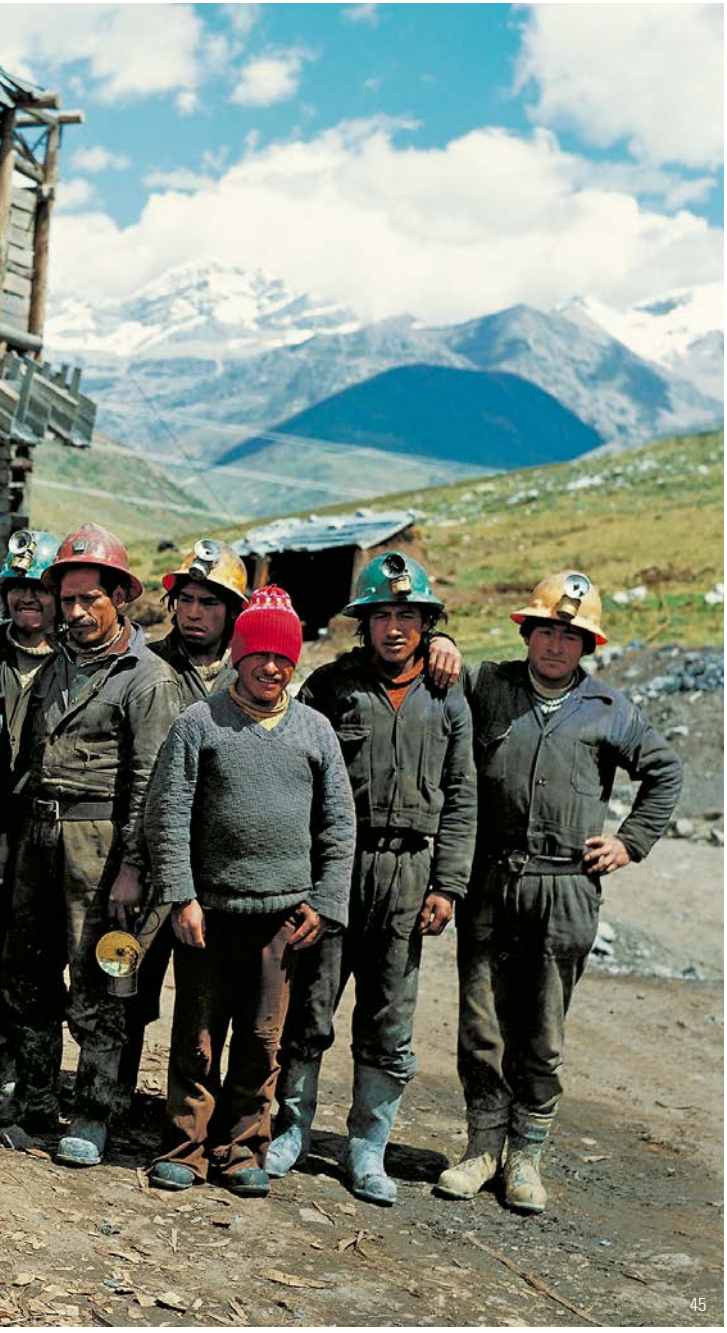
To increase the visibility of job opportunities in the different divisions and between geographical regions, Atlas Copco has introduced an internal job market. All available jobs, except for the President and CEO, who is appointed by the Board of Directors, are advertised on the job market and all employees are encouraged to apply. When introduced, it was a major change in the mindset of people, but after a few years the internal job market was recognized as a key tool to increase mobility and improve the transfer of competence within the Group.

THERE IS ALWAYS A BETTER WAY

Closeness to customers' businesses is fundamental to all thinking in the Group. Technical and marketing innovations, which play their part in laying a firm foundation for the future, derive from customer-oriented development, which will become increasingly important as the Group expands into more and new markets.

ITALIAN GIULIO MAZZALUPI became President and CEO of Atlas Copco in 1997. He was the first non-Swedish citizen to hold this position and one of the first non-Swedes to lead a listed Swedish company. Mazzalupi was educated as a mining engineer in Italy and joined Atlas Copco in 1971. Ten years later Mazzalupi became the President of the Compressor Technique business area in Belgium.

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MAINTAINING THE MOMENTUM

MAZZALUPI STRENGTHENED the Group's position through a changed production philosophy with focus on core components and equipment built on a modular concept. He championed successful product innovations and improving customer service once the products were in use.

Modular design was introduced for many different types of products. This new concept was also a prerequisite for making production more lean and distribution faster. At the same time it enabled consolidation of production, as the world market could be served in an efficient way from fewer locations.

As an international manufacturer with vast logistical operations, Atlas Copco clearly realized the enormous possibilities of the Internet and other digital communication channels. Projects were carried out with the goal of broadening and deepening the sales reach as well as to serve the Group's own operations more efficiently with administrative support by internal providers. During the time of Mazzalupi's tenure, it became possible to monitor compressors from a distance and the first remotely controlled drill rigs were launched.

Mazzalupi always had the customers first in mind and to safeguard that the operations never forgot this, he renamed sales companies into customer centers. The mission of customer centers was both to sell the equipment and to service it throughout its lifetime.

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Atlas Copco also strengthened the focus on growth and Mazzalupi raised the Group's target for growth over a business cycle, from 5% to 8%. The goal was to be achieved in three ways: organic growth in existing operations, strengthened presence in Asian markets, and increased revenues from products in use, for instance through maintenance, supply of spare parts and accessories, and equipment rental.

Towards the end of the millennium Atlas Copco became involved in the rapidly growing equipment rental market. In 1997, Atlas Copco made its biggest acquisition ever at the time when the US-based Prime Service Corporation was purchased. The acquisition was an important step in line with the new strategy of increasing revenues from products in use. More acquisitions in the rental equipment industry followed. In 1999, the North American Rental Service Corporation was acquired. That same year, a fourth business area was established, Rental Service. In 2001, Prime Service and the Rental Service Corporation were merged into one large company.

MORE FEET ON THE STREET

IN 2002, MAZZALUPI RETIRED and Gunnar Brock was appointed President and CEO. Prior to joining Atlas Copco, he had been President and CEO of the Swedish-based Alfa Laval Group, Tetra Pak Group, and Thule. Under Brock's leadership, Atlas Copco underwent major changes. There was renewed focus on the core business. At the same time very high growth and profitability were achieved in a favorable business climate. Putting more people into sales (more feet on the street) and creating a more customer-centric organization were parts of his strategy. Customer satisfaction was close to his heart and Brock initiated a uniform method of measuring customer loyalty.

The Group concentrated on strengthening its position within segments where it was already strong, had core expertise, and deep knowledge. A number of companies were also acquired. In 2004, there was a major acquisition of a US drilling solutions company and in 2007, Atlas Copco acquired Dynapac, a Swedish-based leading supplier of compaction and paving equipment for the road-construction market.

LEAVING FLAGGING MARKET SEGMENTS

WITHIN SEGMENTS WHERE ATLAS COPCO did not hold market-leading positions and had no prospects of gaining such a position without extensive sacrifices, the Group decided to focus elsewhere. Operations for professional electric tools operations with the two divisions Atlas Copco Electric Tools and Milwaukee Electric Tool were divested in 2005. In 2006, construction equipment rental operations, within the US-based Rental Service business area, were divested. The Group again had the three business areas, Compressor Technique, Construction and Mining Technique, and Industrial Technique.

Towards the end of 2008, the world was hit by an economic and financial crisis that also affected Atlas Copco to a great extent, particularly due to


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ROTOFLOW
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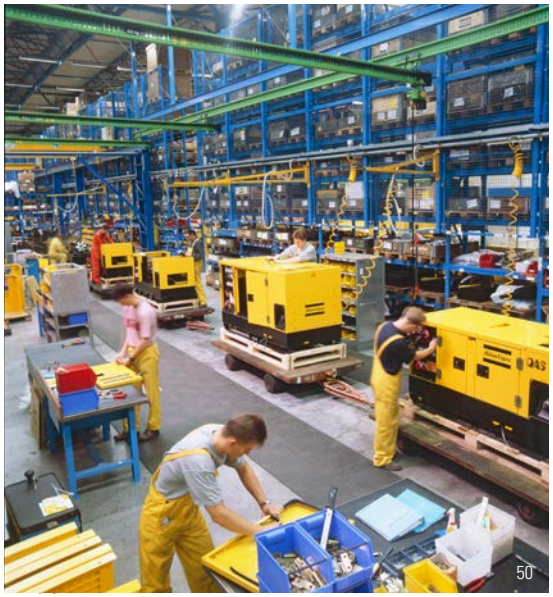
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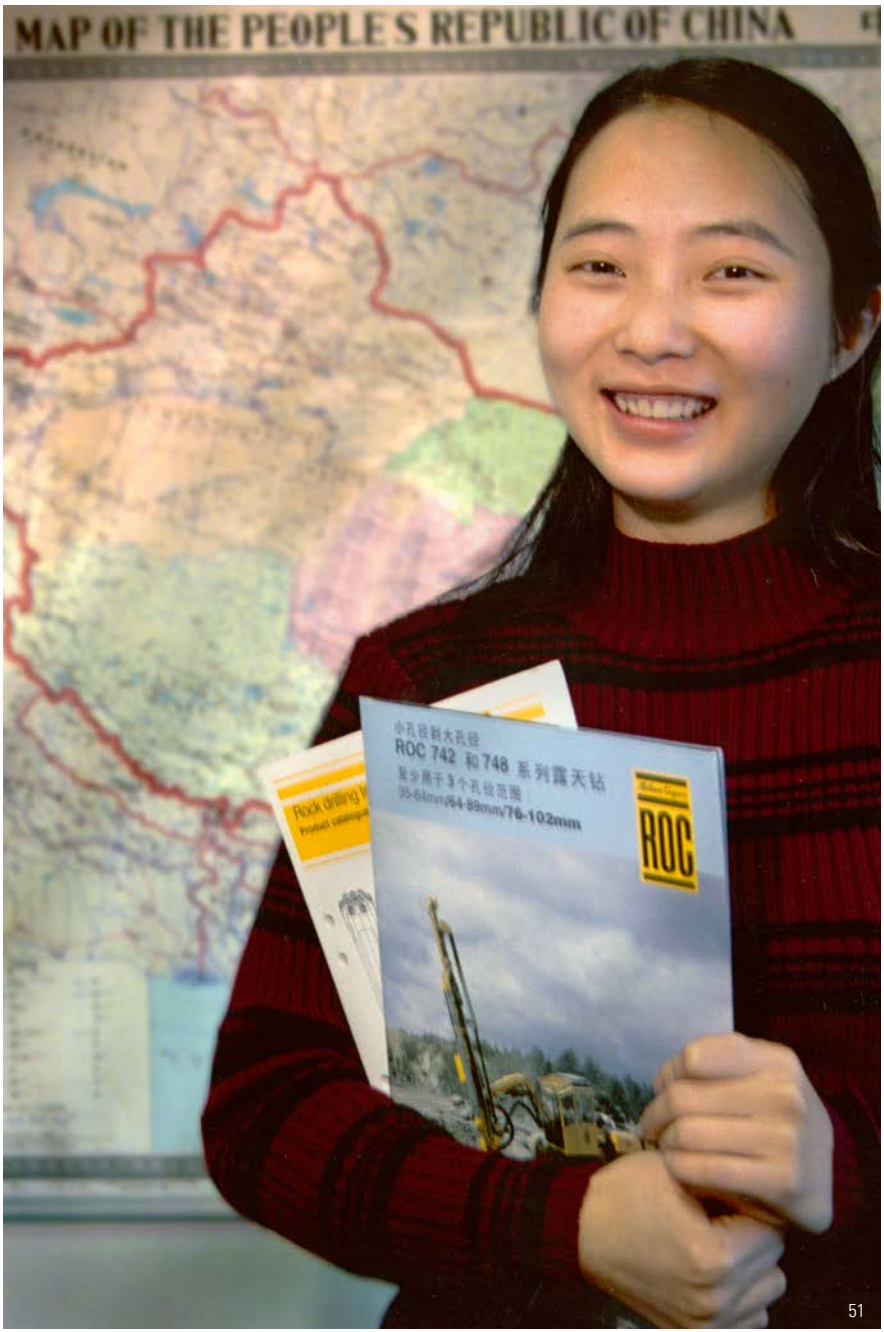
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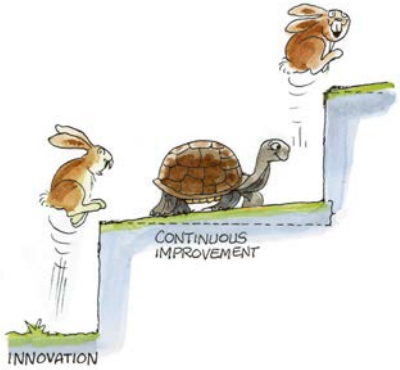
declining investments by mining customers. Measures to adapt capacity and costs were implemented and had immediate effects, very much due to the fast-responding divisionalized organization. Atlas Copco's business model proved to stand the test in a rapid down-turn, and later also in the upturn when the economy started to grow.

STRONG EMPHASIS ON SERVICE

RONNIE LETEN, A BELGIAN citizen, succeeded Gunnar Brock as President and CEO in 2009. Leten joined Atlas Copco in 1985 and held various positions within the Compressor Technique business area before he became its President in 2006.

At Compressor Technique, Leten had further developed the brand portfolio strategy initiated by Treschow. Many smaller companies with strong local brands had been acquired and Atlas Copco could offer up to four different brands on the same market, depending on the market structure. With more than one brand, the company could better penetrate a market, use parallel sales channels and meet more customers' needs. Two of the brands were declared global brands, Atlas Copco and Chicago Pneumatic.

Leten saw a large potential in providing enhanced service to customers, and in 2007 he established a dedicated service division in the Compressor Technique business area. Service offers a stable revenue stream and frequent contact with the customers. The strategy was twofold, first to service all units sold by the company and second to "climb the service ladder" meaning to move from just selling spare parts to offering a comprehensive service contract including monitoring of the equipment. By separating the service business from the product divisions, the product divisions automatically increased their attention on the core, product development and operational excellence, as well as on geographic expansion and market penetration.



A UNIQUE COMPANY CULTURE

Atlas Copco has an amazingly strong company culture. It has been built over decades by many people in many countries. The people that share and live the values usually stay forever. It has happened a number of times that people who have left the Group thinking the opportunities are bigger somewhere else, have come back in a heartbeat.

Few documents have had such a fundamental impact on the strategy and corporate culture of Atlas Copco in recent years as the Strategy Book, or The Atlas Copco Book as it was later renamed. Four Presidents and CEOs have contributed to the progress of the book: Michael Treschow, Giulio Mazzalupi, Gunnar Brock, and Ronnie Leten.

The book was first launched in early 1996 with the objective of growing people and operations. Developed gradually, the book has provided managers in the Group with a common path to sustainable, profitable development. It has contributed to the clear communication of Atlas Copco's mission, vision, strategy, and values.

In 2009, 40 000 copies of the book were printed to ensure that each employee got a copy of her or his own. Each employee also had a chance to sit down and discuss the concepts; the objective is for everyone to understand their implications.

One page in the book that has become more important than any other page is the belief "There is always a better way." The hare symbolizes innovation, while the turtle represents continuous improvements. Both are required to deliver sustainable, profitable growth.

To service customers in different industries, in a more focused way, Atlas Copco split the business into four business areas in 2011; Compressor Technique, Industrial Technique, Mining and Rock Excavation Technique and Construction Technique. Each business area became responsible for its own strategies within the frame of the Group's mission and vision, and each of them set up a dedicated service division.

CUSTOMERS IN MORE THAN 170 COUNTRIES

AS ATLAS COPCO HAS expanded, new companies have been established all over the world. During the first decade of the 21st century, several customer centers were opened to better serve markets in Asia, Africa, and Eastern Europe. In the end of 2012, Atlas Copco had companies in 90 countries and customers in 178.

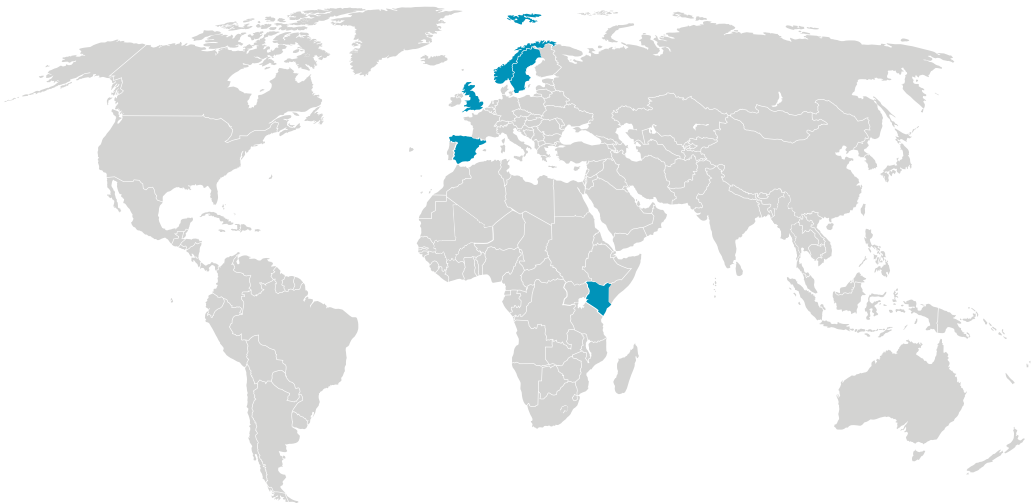
Through continual development, and a very strong culture, Atlas Copco will live up to its vision: First in Mind—First in Choice®. The vision is probably the only one in the world that has qualified for a trademark registration.

ESTABLISHMENT OF OPERATIONS SINCE 1873

1873–1939

EUROPE—Sweden, Norway, United Kingdom, Spain

AFRICA/MIDDLE EAST—Kenya



1940–1957

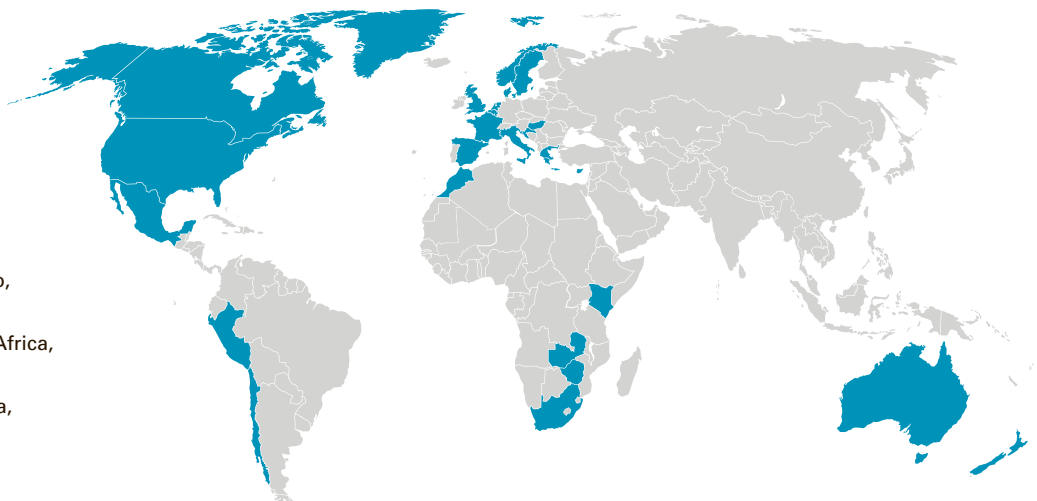
EUROPE—France, Italy, Netherlands, Cyprus, Belgium, Denmark, Austria, Greece

NORTH AMERICA—Canada, The United States

SOUTH AMERICA—Peru, Mexico, Chile

AFRICA/ MIDDLE EAST—South Africa, Morocco, Zambia, Zimbabwe

ASIA/ SOUTH PACIFIC—Australia, New Zealand



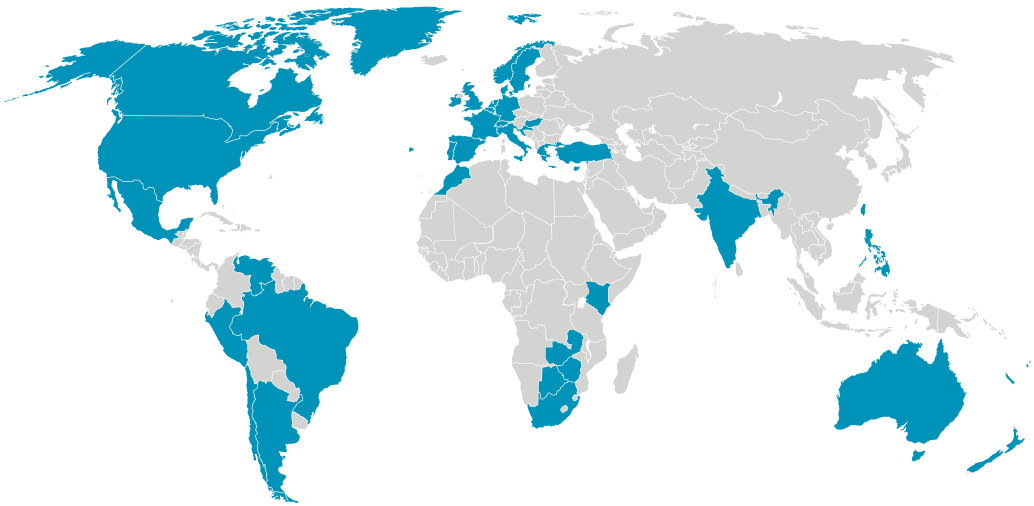
1958–1973

EUROPE—Portugal, Ireland, Germany, Switzerland, Turkey

SOUTH AMERICA—Argentina, Brazil, Venezuela

AFRICA/ MIDDLE EAST—Botswana

ASIA/ SOUTH PACIFIC—India, The Philippines



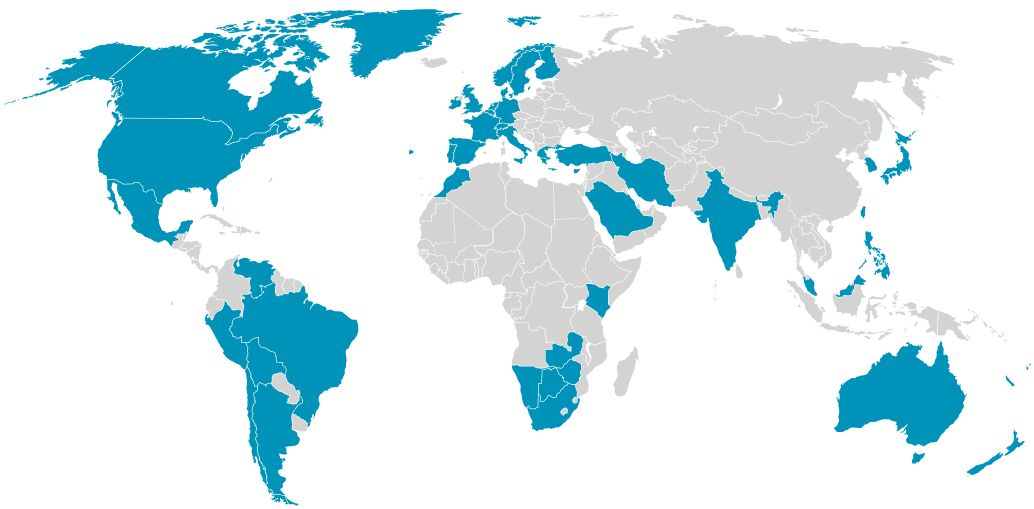
1974–1989

EUROPE—Finland

SOUTH AMERICA—Bolivia, Colombia

AFRICA/ MIDDLE EAST—Iran, Namibia, Saudi Arabia

ASIA/ SOUTH PACIFIC—Japan, Singapore, Hong Kong, South Korea, Taiwan, Malaysia

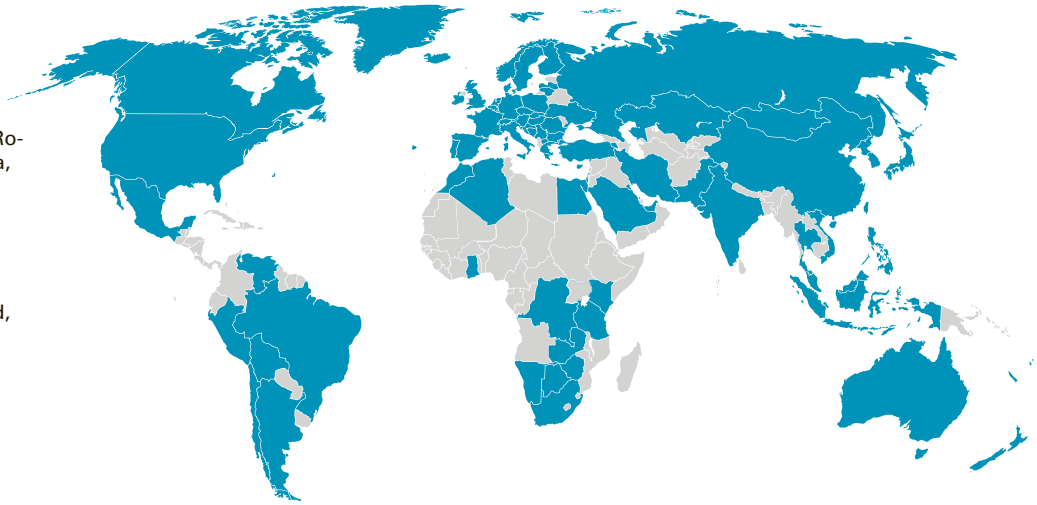


1990–2007

EUROPE—Hungary, Poland, Slovakia, Russia, Serbia, Czech Republic, Macedonia, Bulgaria, Romania, Slovenia, Armenia, Latvia, Lithuania, Ukraine, Croatia

AFRICA/ MIDDLE EAST—Ghana, Kuwait, Egypt, Bahrain, United Arab Emirates

ASIA/ SOUTH PACIFIC—Thailand, Indonesia, China, Kazakhstan, Mongolia, Pakistan, Vietnam



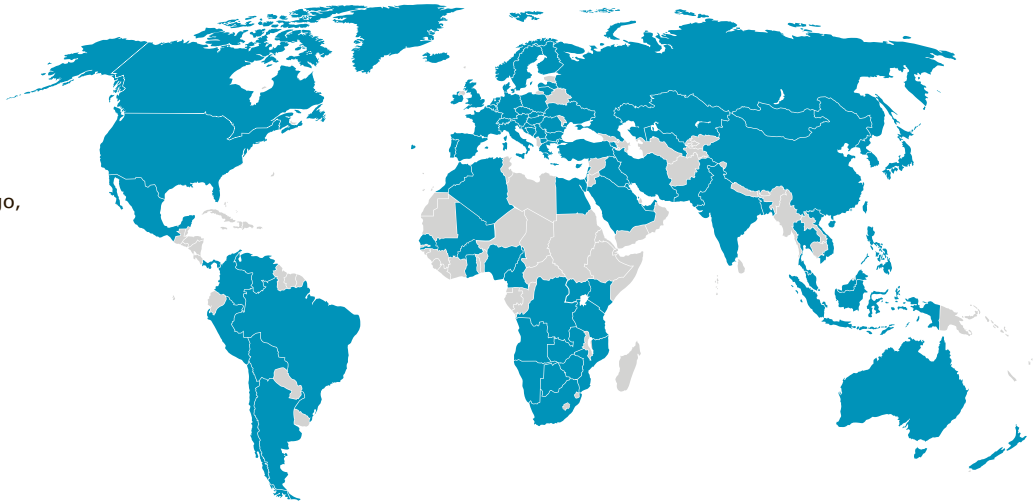
2008–2012

EUROPE—Bosnia and Herzegovina

AFRICA/ MIDDLE EAST—Angola, Algeria, Nigeria, Democratic Republic of the Congo, Mali, Lebanon, Burkina Faso, Cameroon, Iraq, Mozambique, Senegal, Tanzania

SOUTH AMERICA—Panama

ASIA/ SOUTH PACIFIC—Bangladesh, Uzbekistan



SUSTAINABLE, PROFITABLE DEVELOPMENT

Climate change appeared high on the global agenda in the beginning of the 21st century and the continued challenge to develop more energy-efficient products that use fewer resources, became a key driver for design and development departments. Atlas Copco took on the mission to create value while contributing to solutions for sustainable, profitable development and to do business in an ethical way.

THE BEGINNING OF THE NEW millennium was characterized by escalating climate changes, with higher average temperatures said to be caused by rapidly increasing carbon-dioxide emissions. This crisis made governments look for renewable energy and energy efficiency in operations and products. Voluntary ethical guidelines issued by the United Nations and OECD gained in importance. Companies were expected to act responsibly and communicate their achievements to be able to attract and keep employees, to develop and increase the customer base, but also to protect their reputations. The use of the Internet brought an increased transparency worldwide and noncomplying companies risked negative exposure.

ATLAS COPCO REMAINS A FORERUNNER

ATLAS COPCO, ALWAYS STRIVING to be in the forefront, acted forcefully. In 2002, Atlas Copco published a Business Code of Practice, which summarized all internal policies related to business ethics and social and environmental performance. Besides the financial reporting Atlas Copco began to measure and report on social, ethical, and environmental performance.

Given its importance on many markets where Atlas Copco operates, the Board of Directors decided in 2010 to enhance the fight against corruption in all aspects and to eliminate it completely in the Group. Goals for sustainable, profitable development were established in 2011, reflecting the stronger focus on sustainability as an integral part of operations. Earlier, Atlas Copco had only had financial targets on a corporate level.

New buildings are constructed in accordance with international environmental standards and efforts are made to reduce the negative effects from transportation. Further, the company has adopted new technologies such as video conferencing to reduce business travel while still holding professional meetings. Besides energy savings, this new behavior has led to both time and cost savings.

Energy efficiency in products sold, internal operations, and transport stand out as some of the key goals for the Group's operations. These targets spur the engineers to develop products that do more with the same or do the same with less resources in terms of material, people, and energy used. Many more great products have been launched as a result of the stronger focus, helping customers increase their productivity with a responsible use of resources.

NO NOISE AND MINIMAL ENERGY CONSUMPTION

WITHOUT A STEADY STREAM of innovations Atlas Copco would never have reached the position it has today. Driven by requirements on higher productivity, better ergonomics, lower energy consumption and improved safety, the Group continuously challenges itself and its business partners to safeguard its customers' productivity and success.

The new generation of electric power tools, first presented in 1993, the Tensor S/Power Focus, was a real breakthrough for Atlas Copco. The nutrunner had a unique motor with superior efficiency, lower weight and more power than any other unit available on the market. It rapidly became a sales success in the mass-production motor-vehicle industry. A decade and a half later, the Tensor family is still being improved, for instance with added software and ergonomic features.

An almost silent surface drill rig was launched in 2005, perfect for use around the clock at construction sites in densely populated areas.

In 2009, Atlas Copco introduced water-cooled, oil-free air compressors with built-in energy recovery systems; the first in the world to be certified for net zero energy consumption.

Another recent important product development breakthrough was a new, powerful fuel-driven asphalt breaker. It has won several prizes for its ergonomic and environmentally friendly design.

SAFETY AND WELLNESS

CORPORATE RESPONSIBILITY HAS ALSO led to an increased focus on having a safe workplace and healthy workforce. In 2002, Atlas Copco´s first voluntary HIV/AIDS program was in place in South Africa to cope with the effects of and to stop the AIDS pandemic from spreading. Since then, the program has reached all sub-Saharan operations and has received several recognitions. A similar program is in place for diabetes in North America and India, where this is a big problem. In the same way, programs for increased safety have been implemented to reduce accidents in the Group's operations. Together, all these programs offers benefits to the employees, their families, and the companies. With a healthier workforce, Atlas Copco can run its operations with reduced risks for major interruptions.

PRIORITIZING IMPROVED ENERGY EFFICIENCY

Compressors are used by almost all industries in the world as a source of energy or as a vital part of a process. In total, around 10% of global manufacturing's energy consumption comes from the use of compressed-air systems.

In the early years, compressors were big consumers of energy. However, recent models only need 11% of the energy required back in 1904. From oil-free piston compressors to high-speed-drive turbo compressors, advances in technology over the years have helped reduce compressor energy consumption while increasing effectiveness.

The launch of Atlas Copco compressors with variable speed drive (VSD) that could reduce energy consumption by up to 35% quickly became a commercial success. Its special drive system ensures that the compressor always delivers the right amount of air, thus saving energy. At the same time, the exhaust heat can be recovered and used for example in heating of water for showers. Under certain circumstances all energy used by the compressor is recovered.

By using energy-efficient compressors in industry, the carbon footprint of companies around the world can be substantially reduced.

SERVICE TOOLBOX

Customer loyalty is primarily built in the service relationship, and it gives Atlas Copco an opportunity to strengthen its global reach and service offerings even further. Professional service also provides a steady revenue stream for Atlas Copco and increases the likelihood that the customer will buy from the company the next time a need arises.

Atlas Copco's strategy is to strive to service all Group products on the market and to deliver more value-added services, like service agreements and other services to improve the customer's sustainable productivity.

By the second half of 2011, all business areas had established divisions dedicated to service. At the time, the service business accounted for 40% of Atlas Copco's revenues and one third of its employees.

To ensure that the service organizations operate in a professional manner a broad range of training courses is offered to the more than 8 000 service engineers who are meeting customers daily. They are trained both in how to represent the brand and — of course — on how to service the products. None of the engineers can service a product unless they are certified to service that specific product.

Atlas Copco Service is also acknowledged as an important brand builder and a major effort has been made to strengthen and unify the branding of service vans and workwear.

COMPETING WITH COMPETENCE

ATLAS COPCO DEVELOPS MANAGERS that have the courage to lead and the engagement to develop committed colleagues. Looking at the results during the past 140 years, the Group has been very successful in this respect.

Diversity is acknowledged as a means for successful development and many activities are in place to encourage recruitment from the full talent pool. Atlas Copco strives to have a global management team that reflects the global structure and requirements. They must live and breathe the Atlas Copco values: innovation, commitment, and interaction. In 2012, Atlas Copco had 45 nationalities among their top 350 managers.

The local teams on the respective markets must reflect the respective recruitment bases. Here, Atlas Copco puts extra effort into getting more women into the company. The objective is to have more women taking on higher positions. Among all employees, 17% were female in 2012 and the Group had many activities in place to encourage more women to take on new challenges.

Training is critical to employees' development and Atlas Copco offers a wide range of training courses worldwide to all employees. A training portal is available to support development, but there are also seminars, on-the-job training, and external programs. One course that all employees take is the Business Code of Practice.

In the end, Atlas Copco's success depends on one resource only: people. With solid plans in place to increase diversity, mobility, and competence development, Atlas Copco is ready to take off for the next 140 years.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FACTS AND TABLES

THE COMPANY AND ITS LEADERS

FROM AB ATLAS TO ATLAS COPCO AB

1873–1890	AB Atlas
1890–1917	Nya AB Atlas
1917–1956	AB Atlas Diesel
1956–Present	Atlas Copco AB

CHAIRS OF THE BOARD OF DIRECTORS

1873–1878	Fredrik Didron
1878–1909	B A Leijonhuvud
1909–1917	Oscar Lamm
1917–1933	Marcus Wallenberg Sr.
1933–1957	Marcus Wallenberg Jr.
1957–1959	Walter Wehtje
1959–1974	Marcus Wallenberg Jr.
1974–1996	Peter Wallenberg
1996–2003	Anders Scharp
2003–Present	Sune Carlsson

CEO:s OF THE ATLAS COPCO GROUP

1873–1887	Eduard Fränckel
1887–1909	Oscar Lamm
1909–1940	Gunnar Jacobsson
1940–1957	Walter Wehtje
1957–1970	Kurt-Allan Belfrage
1970–1975	Erik Johnsson
1975–1991	Tom Wachtmeister
1991–1997	Michael Treschow
1997–2002	Giulio Mazzalupi
2002–2009	Gunnar Brock
2009–Present	Ronnie Leten

INTERNATIONAL ESTABLISHMENTS

ESTABLISHMENT OF OPERATIONAL COMPANIES

Sweden	1873
Norway	1916
United Kingdom	1919
Spain	1931
Kenya	1936
France	1946
South Africa	1946
Morocco	1948
Canada	1949
Italy	1949
Netherlands	1949
Zambia	1949
Australia	1950
Peru	1950
The United States	1950
Mexico	1952
Zimbabwe	1952
Cyprus	1953
New Zealand	1953
Chile	1954
Belgium	1955
Denmark	1955
Austria	1956
Greece	1957
Portugal	1958
India	1960
Ireland	1965
Philippines	1967
Argentina	1968
Botswana	1969

Brazil	1969
Germany	1969
Switzerland	1969
Turkey	1969
Venezuela	1973
Iran	1974
Bolivia	1976
Namibia	1976
Japan	1979
Singapore	1979
Hong Kong	1980
South Korea	1981
Taiwan	1981
Malaysia	1982
Saudi Arabia	1985
Colombia	1986
Finland	1986
Hungary	1990
Ghana	1992
Poland	1993
Slovakia	1993
Thailand	1993
Russia	1996
Indonesia	1997
Kuwait	1997
Serbia	1997
China	1998
Egypt	1999
Czech Republic	2001
Bahrain	2002

Macedonia	2004
Bulgaria	2005
Kazakhstan	2005
Mongolia	2005
Romania	2005
Slovenia	2005
UAE	2005
Armenia	2006
Latvia	2006
Lithuania	2006
Pakistan	2006
Ukraine	2006
Croatia	2007
Vietnam	2007
Angola	2008
Bangladesh	2008
Bosnia and Herzegovina	2008
Algeria	2009
Nigeria	2009
DRC	2010
Mali	2010
Panama	2010
Lebanon	2011
Burkina Faso	2012
Cameroon	2012
Iraq	2012
Mozambique	2012
Senegal	2012
Tanzania	2012
Uzbekistan	2012

ACQUISITIONS

In 1947, the former AB Atlas Diesel acquired Injector Co and the Diesel Engine division of Bolinder. Since these acquisitions, many other companies worldwide have become members of the Atlas Copco family.

1947	Injector Co and the Diesel Engine division of Bolinder.
1951	AVOS Railways maintenance and repair
1956	Arpic Engineering NV Hesselman Motor Company
1960	Craelius AB
1975	Berema AB
1976	Mauguière S.A.
1980	Turbonetics Inc. Worthington Compressors Inc. Standard Industrial Pneumatics Inc.
1984	Linde AG
1987	Chicago Pneumatic
1988	Ets. Georges Renault Secoroc AB Hydro Pneumatic AB
1989	GME Systems Wagner Mining Equipment
1990	Desoutter Ltd. Rotoflow Corporation
1991	AEG Elektrowerkzeuge
1992	Craelius AB
1993	Worthington Creyssensac Robbins Inc. Kango Ltd.
1994	Hamrin Adsorption and Filterteknik AB
1995	Socapel SA Milwaukee Electric Tool Corporation
1996	IRMER+ELZE Elesta Automation AG
1997	Thomé-Crepelle Prime Service Inc.
1998	JKS Boyles Ceccato
1999	Tool Technics NV Rental Service Corporation ABIRD Holding BV. Rand-Air Ltd.
2000	Hobic Bit Industries Corporation
2001	Masons Christensen Products Grassair B.V.
2002	Ankertechnik GmbH Liuzhou Tech Machinery Co. Ltd. Krupp Berco Bautechnik GmbH
2003	DreBo Werkzeugfabrik GmbH. Puska Pneumatic S.A. South African Professional Diamond Drilling Equipment (Pty) Ltd. and Mining Drilling Services (Pty) Ltd. Shenyang Rock Drilling Machinery Co. Ltd.
2004	Ingersoll-Rand Drilling Solutions Guimerá S.A. and its subsidiary S.A.M.M. S.L. Baker Hughes Mining Tools. Rotex Oy Kolfor Plant Ltd.

2005	Lifton GSE tech-motive tool Scanrotor BIAB Tryckluft AB Ketting Handel B.V. Creemers Compressors B.V. BLM s.r.l. Intermech Ltd. Lutos Pneumatech ConservAir Contex
2006	Microtec Systems GmbH The BeaconMedaes Group BEMT Tryckluft AB Thiessen Team Mining Products Consolidated Rock Machinery (Pty) Ltd. Fuji Air Tools Co. Ltd. Shanghai Bolaite BLM Technisches Büro Böhm
2007	Dynapac AB ABAC Greenfield Rodcraft Beteiligungsgesellschaft GmbH Mafi-Trench Shenyang Ruifeng
2008	Aggreko European Rental Industrial Power Sales Hurricane GrimmerSchmidt Fluidcon
2009	Service A.C. s.r.o. Focus and Prisma Compressor Engineering
2010	Cirmac International B.V. Kramer Air Tool Inc. H&F Drilling Supplies Ltd. Hartl Anlagenbau Tooling Technologies American Air Products Quincy Compressor
2011	Seti-Tec S.A.S. Kalibrierdienst Stenger SCA Schucker Penlon Medical Gas Solutions Gesan Tencarva ABAC Catalunya J.C. Carter
2012	Guangzhou Linghein Compressor Co. Wuxi Shengda Air/Gas Purity Equipment Co., Ltd. Neumatica GIA Industri AB Perfora S.p.A. Houston Service Industries, Inc. Ekomak Gazcon A/S

A number of these acquired companies have been divested. This information is not stated.

PETER WALLENBERG MARKETING AND SALES AWARD

Dr. Peter Wallenberg, Honorary Chair of Atlas Copco AB, worked for the Group for 20 years before serving as Chair of the Board from 1974 to 1996. The Peter Wallenberg Marketing and Sales Award recognizes the most innovative successfully implemented method in the field of sales and marketing.

YEAR	RECIPIENT	IN RECOGNITION OF
1997	Charles Robinson, USA	A marketing program and a sales organization for electric tools in the U.S. and Canadian automotive industries.
1998	Leif Larsson, Sweden	Successful work building a solid bridge between sales and product companies for excellent customer satisfaction.
1999	Ignace Cappyns, Belgium	For a new training concept related to the launch of a new range of compressors.
2000	Yngve Revander, Germany Tom Tysl, USA	Consistent work to provide a solid platform for the industrial tool business in Germany, and for his foresighted method on how to serve small short-term rental customers.
2001	Debra Sajkowski, USA Hans Lidén, Sweden	Innovative web clubs for industry professionals. The clubs are efficient tools for better interaction with the customers.
2002	Åke Larsson, Belgium Lars Larson, Sweden Gösta Henningsson, Sweden	The innovative concept of Daily Direct Deliveries, a distribution system that gives Atlas Copco unique sales and marketing advantages over its competitors.
2003	Herbert Hermens, Australia	The successful launch of Milwaukee Electric Tools on new markets.
2006	Christian Rougeron, France Jean Guerin, France	The successful brand portfolio strategy and successful development of the Group's compressor brands together in the same marketplace.
2007	Anil Hingorani, Belgium Kristin Dom, Belgium Sven Van Dyck, Belgium Jeroen Opperdoes, Belgium Jan Verstraeten, Belgium Rudi Zonnevijlle, Belgium	A launch campaign for compressors certified to have the highest air quality, leading to a tangible increase in sales.
2008	Tine Lefebvre, Belgium Urban Pettersson, Belgium Vagner Rego, Belgium	The development and marketing of AirOptimizer™, a service that reduces compressed-air installations' energy consumption.
2009	Andreas Nordbrandt, Sweden Jan Forsell, Sweden	The development of the ROC CARE service agreement, which boosted aftermarket sales throughout 2008.

YEAR	RECIPIENT	IN RECOGNITION OF
2010	Alex Liebert, Sweden, and his Industrial Design Group	The design language that provides each brand with a unique look and feel across product ranges: Atlas Copco, Chicago Pneumatic, and Dynapac.
2011	Nico Delvaux, Belgium Dirk Beyts, Belgium Wouter Ceulemans, Belgium Peter Leemans, Belgium	Introduction of a new strategy to further increase customer satisfaction and loyalty related to compressor service.
2012	Volker Wiens, Germany Fabrice Homo, France	A successful project that opened the door for the use of more advanced assembly tools in the aerospace industry.

JOHN MUNCK TECHNICAL INNOVATION AWARD

John Munck was one of Atlas Copco's most successful engineers. He worked for the Group between 1930 and 1970 as Technical Director among other positions. The John Munck Award is presented each year to a product developer or designer, or a team, for outstanding contributions to the overall quality of an Atlas Copco product.

YEAR	RECIPIENT	IN RECOGNITION OF
1991	Christian Schoeps	Development of pneumatic industrial tools.
1992	Dirk Beyts	Development of the GA90-250 range.
1994	Christer Hansson	Successful product development work in electric power tools.
1995	Gunnar Wijk Åke Eklöf Kurt Andersson Sten-Åke Hilberts	Product development of COP 1838.
1996	Guido Luyts Rickard De Bock	Development of a completely new range of stationary oil-free compressors.
1997	Rolf Jacobsson	Development of the turbine motor technology for industrial power tools.
2000	Karl-Axel Stjernström Kurt Andersson Jörgen Rodert	Development of the Coprod system, a patented innovation, which will provide an important increase in drilling productivity for large hole sizes.
2001	Sverker Hartwig Chris Lybaert Ludo Van Nederkassel	Development of Atlas Copco's VSD (variable speed drive) compressor technology, which drastically reduces energy consumption.
2002	Carl Carlin	His role as the driving force behind the development of Atlas Copco's range of multiple nutrunners for the automotive industry.
2004	Roland Henriksson	The solid-body concept for hydraulic breakers that is easy to produce and has outstanding durability, power to weight ratio, and serviceability.
2006	Karl Brodin	Development of a new range of fastening tools which benefit users in the automotive and general industries.
2008	Jörgen Appelgren and team	The development of an electronic control system and automation platform that increases machine performance and improves the working environment.

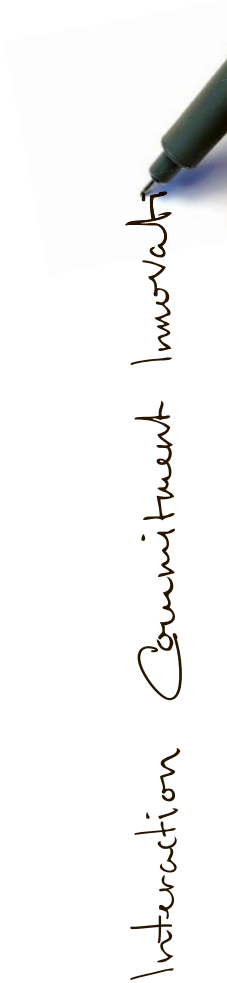
YEAR	RECIPIENT	IN RECOGNITION OF
2009	Cesare Manzardo	Creative designs of screw compressors under the Ceccato and other non-Atlas Copco brands.
2010	Massimiliano Cattaneo Sergio Giannonea and team	The development of the STwrench, a tool for quality assured tightening with a modular design that lets customers adapt functionalities and budget according to their own needs.
2011	Olof Östensson Thomas Lilja Ola Davidsson	Development of a pick hammer with dramatically reduced vibration levels.
2012	Mikael Monsell Thomas Hanspers Mikael Wendel	The development of an innovative new range of assembly tools, the Tensor ST10 Revo.

FACTS AND FIGURES 1873–1900

YEAR	REVENUES (1 000 SEK)	NET PROFIT (1 000 SEK)	TOTAL ASSETS (1 000 SEK)	NUMBER OF EMPLOYEES
1873	N/A	N/A	N/A	196
1874	N/A	N/A	N/A	N/A
1875	N/A	N/A	N/A	781
1876	N/A	N/A	N/A	687
1877	N/A	N/A	N/A	577
1878	N/A	N/A	N/A	480
1879	N/A	N/A	N/A	381
1880	N/A	N/A	N/A	360
1881	N/A	N/A	N/A	N/A
1882	N/A	N/A	N/A	N/A
1883	N/A	N/A	N/A	N/A
1884	N/A	N/A	N/A	770
1885	N/A	N/A	N/A	780
1886	N/A	N/A	N/A	561
1887	1 097	-153	6 159	436
1888	1 033	-7	5 596	510
1889	1 131	-5	5 744	504
1890	N/A	N/A	N/A	527
1891	1 483	110	3 121	550
1892	1 240	-8	3 346	518
1893	1 636	36	3 331	510
1894	1 867	156	4 145	553
1895	1 521	339	4 238	582
1896	1 586	127	3 992	641
1897	2 148	182	4 461	650
1898	2 750	177	3 978	66
1899	3 250	530	5 177	776
1900	2 833	335	5 552	713

FACTS AND FIGURES 1901–1928

YEAR	REVENUES (1 000 SEK)	NET PROFIT (1 000 SEK)	TOTAL ASSETS (1 000 SEK)	NUMBER OF EMPLOYEES
1901	2 131	114	5 689	623
1902	1 842	247	6 251	559
1903	2 234	122	6 074	526
1904	1 827	252	7 509	585
1905	1 447	-32	6 164	630
1906	2 917	361	7 010	613
1907	3 233	414	7 814	630
1908	3 147	249	7 682	616
1909	1 532	-33	7 007	463
1910	2 121	186	7 656	447
1911	2 426	320	9 001	474
1912	2 762	331	9 564	453
1913	2 926	352	9 676	550
1914	3 262	700	10 494	600
1915	4 147	704	11 462	580
1916	5 535	1 565	11 764	620
1917	N/A	2 828	41 400	N/A
1918	N/A	1 372	38 600	N/A
1919	N/A	1 322	39 955	N/A
1920	N/A	5	40 567	1 114
1921	N/A	–325	39 079	N/A
1922	N/A	-2 902	38 776	N/A
1923	N/A	-193	26 079	N/A
1924	N/A	-374	22 991	N/A
1925	N/A	69	20 734	778
1926	N/A	86	21 172	N/A
1927	N/A	123	21 857	N/A
1928	N/A	316	21 000	N/A

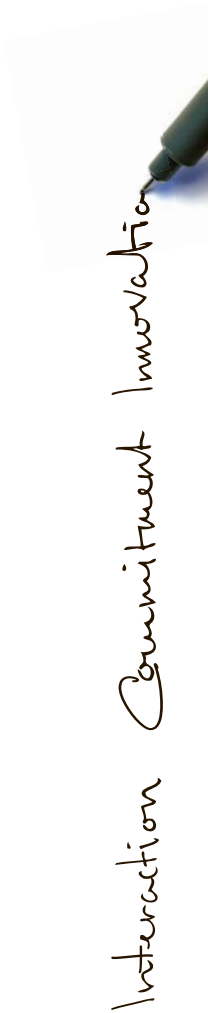


FACTS AND FIGURES 1929–1956

YEAR	REVENUES (1 000 SEK)	NET PROFIT (1 000 SEK)	TOTAL ASSETS (1 000 SEK)	NUMBER OF EMPLOYEES
1929	N/A	563	22 566	N/A
1930	N/A	240	21 008	1 004
1931	N/A	62	19 689	N/A
1932	N/A	-172	18 626	N/A
1933	N/A	-240	18 291	N/A
1934	N/A	145	13 605	N/A
1935	N/A	510	14 763	937
1936	N/A	651	16 646	N/A
1937	N/A	903	19 075	N/A
1938	N/A	920	18 708	N/A
1939	N/A	961	20 825	N/A
1940	N/A	901	20 465	1 462
1941	N/A	951	24 085	N/A
1942	N/A	1 189	27 315	N/A
1943	N/A	974	27 965	N/A
1944	N/A	1 013	27 512	2 430
1945	N/A	575	25 934	1 697
1946	N/A	2 703	30 143	1 732
1947	N/A	1 506	39 514	1 793
1948	N/A	1 508	48 835	1 993
1949	66 621	2 423	47 945	2 011
1950	83 386	4 851	53 993	1 992
1951	147 000	5 992	73 353	2 123
1952	197 000	5 403	92 344	2 311
1953	200 000	5 020	91 645	1 899
1954	204 000	6 376	82 490	1 681
1955	247 000	N/A	113 228	1 876
1956	315 000	8 225	126 414	2 072

FACTS AND FIGURES 1957–1984

YEAR	REVENUES (1 000 SEK)	NET PROFIT (1 000 SEK)	TOTAL ASSETS (1 000 SEK)	NUMBER OF EMPLOYEES
1957	345 000	8 100	133 005	2 091
1958	334 000	11 438	301 306	1 762
1959	380 000	13 663	331 295	1 969
1960	480 000	26 685	451 037	7 740
1961	525 000	21 596	531 703	2 302
1962	582 000	23 029	583 356	2 261
1963	674 000	34 968	588 445	N/A
1964	766 000	43 678	662 356	597
1965	888 535	53 523	811 732	N/A
1966	994 866	56 104	954 833	11 061
1967	1 058 000	41 450	1 048 661	11 196
1968	1 138 000	50 649	1 157 447	11 349
1969	1 280 000	67 181	1 330 666	12 734
1970	1 542 000	86 643	2 048 075	13 764
1971	1 696 000	86 969	2 139 279	13 706
1972	1 849 000	91 639	2 245 662	13 881
1973	2 213 000	135 104	2 645 346	15 473
1974	2 949 000	118 079	3 272 445	17 392
1975	3 385 000	135 300	4 060 939	18 236
1976	3 791 200	101 100	3 946 100	18 384
1977	4 157 200	163 600	4 410 500	18 032
1978	4 742 300	208 600	4 545 900	17 664
1979	5 305 400	148 300	4 990 400	17 883
1980	6 226 800	107 800	5 982 600	18 786
1981	7 488 400	256 500	7 077 700	19 538
1982	7 923 900	201 200	8 021 300	18 402
1983	8 092 700	2 700	7 470 000	16 974
1984	9 099 600	281 100	8 216 600	16 484



FACTS AND FIGURES 1985–2011

YEAR	REVENUES (1 000 SEK)	NET PROFIT (1 000 SEK)	TOTAL ASSETS (1 000 SEK)	NUMBER OF EMPLOYEES
1985	10 062 000	392 300	8 674 500	16 659
1986	10 351 000	330 200	9 262 000	16 498
1987	11 520 000	592 000	10 752 000	18 777
1988	12 812 000	714 000	11 377 000	19 207
1989	15 035 000	765 000	13 258 000	20 057
1990	15 915 000	698 000	13 971 000	21 507
1991	15 030 000	507 000	14 094 000	19 544
1992	16 007 000	598 000	16 219 000	19 195
1993	18 906 000	867 000	17 822 000	18 247
1994	20 914 000	1 194 000	18 198 000	18 104
1995	24 454 000	1 823 000	22 179 000	19 751
1996	25 121 000	1 938 000	23 175 000	21 085
1997	30 032 000	2 208 000	34 790 000	22 296
1998	33 740 000	2 283 000	37 166 000	23 857
1999	36 234 000	2 247 000	53 650 000	24 249
2000	46 527 000	2 924 000	61 688 000	26 392
2001	51 139 000	3 067 000	64 357 000	26 201
2002	47 562 000	-3 889 000	48 668 000	25 787
2003	44 619 000	3 274 000	45 862 000	25 707
2004	43 192 000	4 671 000	48 168 000	26 828
2005	52 742 000	6 581 000	54 955 000	26 258
2006	50 512 000	15 373 000	55 255 000	24 378
2007	63 355 000	7 469 000	56 659 000	29 522
2008	74 177 000	10 190 000	75 394 000	34 119
2009	63 762 000	6 276 000	67 874 000	31 085
2010	69 875 000	9 944 000	71 622 000	31 214
2011	81 203 000	12 988 000	75 109 000	35 131

WHO OWNS ATLAS COPCO'S HISTORY?

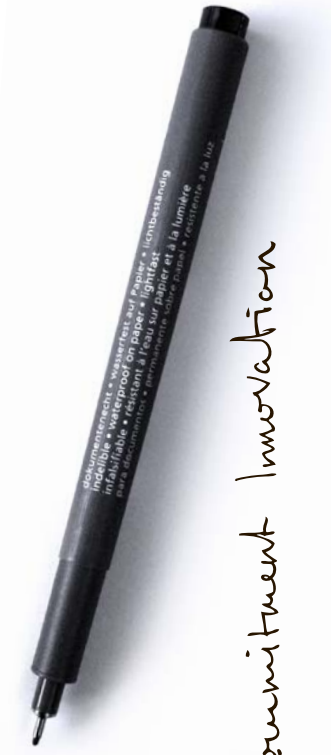
THE QUESTION MAY SEEM STRANGE, but it was the first that came to our minds when we decided to produce a new Atlas Copco history book. Who is it that decides what should be included in a document that describes the first 140 years of a company's life?

Atlas Copco has grown considerably during those years and gone through major changes. Many people have joined the Group through acquisitions. Many more have been recruited into existing operations or for new markets. All of them deserve to partake of and learn from the past. Others have been with the Group for a long time already and have helped shape our past and present. Newcomers and old-timers — together we will build the future history of the Atlas Copco Group.

So who owns our history? The easy answer is all of us, but we might see it differently. We have our very strong Atlas Copco culture in common: the mission, the vision, and the values. If you feel at home and thrive in our environment, you will stay forever.

To ensure the history stays fact based, the Centre for Business History, Stockholm, in cooperation with the author Anders Johnson, has written about the development from 1873 until the millenium.

Mostly, references to the society and environment in large are left out, but of course those elements have influenced Atlas Copco's development. The same applies to the many world-class companies we are happy to call our customers. We all know how important they are to Atlas Copco's achievements.



Interaction Commitment Innovation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TRIM 1


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Atlas Copco


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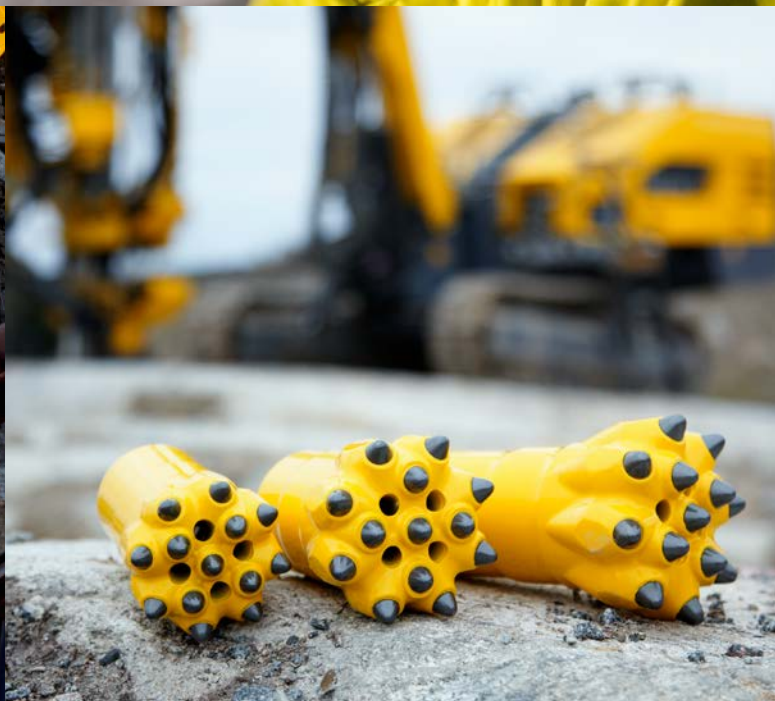


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Atlas Copco

PHOTO CAPTIONS

No.	
1	Share certificate from 1873.
2	Locomotive manufacturing at the Atlas plant in Stockholm in the early 1900s.
3	André Oscar Wallenberg, one of the financiers of Atlas when it was founded in 1873.
4	The Atlas plant in Stockholm city in the 1920s, seen with the Saint Erik's bridge in the forefront.
5	Atlas' tools were used when building the bridge connecting Stockholm with neighboring island Lidingö.
6	An Atlas-manufactured locomotive for the Saltsjöbanan railway in Stockholm.
7	A blueprint of a riveting hammer from 1900.
8	The drilling machine BR-12 in use, in the early 1900s.
9	The Atlas workshop in 1877.
10	Engineer Gustaf Ryd, who was key in Atlas' development of pneumatic tools, and his colleague in the late 1800s.
11	CEO Gunnar Jacobsson with guests at the Diesel plant in Sickla.
12	Lucia celebrations on December 13, 1935.
13	A photo from Atlas Diesel's office in Sickla in 1920. The building is from 1913 and still standing.
14	A Swedish service technician at work in the field in 1960.
15	Water line work in central Stockholm in the early 1950s.
16	Training for technicians in Qatar in the early 1980s.
17	Operation Rock Clearance in the Swedish countryside in 1939.
18	Atlas Diesel's showroom at the Wembley Exhibition in 1952.
19	Advertisement in the U.S. for Atlas rock drills in the 1950s.
20	This is a predecessor to the 'Boomer', used in certain tunneling projects in especially the 1950s. Light rock drills were used but the pusher leg was replaced by a small device with a short stroke, a so called 'ladder feed'. The rock drill and the feed were mounted on a narrow beam with ladder steps on which the feed crawled forward. In this way the driller could manage several rock drills simultaneously.
21	Air compressors delivered to Portugal in the late 1970s.
22	An Atlas Copco service van in the Cameron Highlands, Malaya, in the 1960s.
23	An Atlas Copco service van in Egypt in the 1970s.
24	Atlas del Peru in 1952.
25	Atlas Copco equipment was used when building the Pan-American Highway in Peru in the 1950s.
26	Atlas Copco India PTVT Ltd. in 1964.
27	In 1956, Atlas Diesel changed its name to Atlas Copco (from the French Compagnie Pneumatique Commerciale). The new name was announced internationally using this illustration.
28	Copco Pacific's head office in San Carlos, California U.S., in 1953.
29	Chairman Marcus Wallenberg Jr. and CEO Kurt-Allan Belfrage in Brazil.
30	Arpic Engineering was acquired in 1956.
31	Atlas Copco Mexicana's local branch office in Monterrey in 1982.
32	A photo from Volkswagen's plant in Brazil in the 1960s, one of Atlas Copco's tools and assembly systems customers.
33	Road advertisement in Brazil in the 1960s.
34	Construction of the Öland bridge in southern Sweden in the 1970s, the longest bridge in Europe at the time.
35	A stonemason uses pneumatic tools in the 1940s.
36	Demonstration for the Belgian Air Force around 1960.
37	Portable compressors on the river Rhine in Germany in the early 1970s.
38	In the late 1970s, Atlas Copco acquired its first desktop computer.
39	In 1982 Atlas Copco Jarva introduced a new raiseboring rig that could drill vertical shafts without the use of explosives.
40	Portable compressors in use in Hong Kong in 1978.
41	In 1997, the joint venture Shanghai Worthington Orient Compressor Co. was established, the second company formed by Atlas Copco for local production of compressors in China.
42	In 1990, Atlas Copco acquired Desoutter Brothers (Holdings) PLC, a publicly traded company in the U.K. that manufactured tools and assembly systems.
43	Sorting of diamonds to be used for drill bits at Craelius, acquired by Atlas Copco in 1992.
44	Chicago Pneumatic tools being used on the Brooklyn Bridge in New York in 1987.
45	About 100 men at work 4,600 meters above sea level in the Kumurana mine in southern Bolivia. In the 1990s, Atlas Copco supported them with a Pionjär, a gasoline driven breaker.
46	1994 was an especially good year for portable machine rentals used for drilling and demolition, particularly in the U.S. and Australia.

47	In 1997, Prime Service had a leading position in the U.S. equipment rental market with around 55 000 customers.
48	Oil-free compressors used in the Vietnamese food industry, the first manufacturing process to use such compressors.
49	Kansas, U.S., where a unique natural gas compressor using two Rotoflow expanders helped to cut the customer's costs both in terms of investment as well as energy consumption.
50	To broaden its line of products, Atlas Copco introduced portable generators in 1994, a complement to portable compressors.
51	In 1996 it was declared that Atlas Copco would increase its local presence in Asia.
52	Final testing of an oil-free compressor at an Atlas Copco plant in Japan in 1991.
53	In a campaign to promote energy efficiency, Atlas Copco used skydiving as its marketing strategy.
54-55	A wellness day at Atlas Copco South Africa, offering voluntary counseling and HIV-testing for all employees.
56	In 2009, Atlas Copco organized its first female mentorship program during which the global female network "The Pleiades" was officially founded.

Unless otherwise indicated. the images in this publication are taken from Atlas Copco's multimedia gallery or from its historic archive at the Centre for Business History in Stockholm, Sweden. The images are free to use within the Atlas Copco Group. For high resolution copies, or for questions about Atlas Copco's historic archive, please turn to the Centre for Business History (e-mail: info@naringslivshistoria.se or web: www.naringslivshistoria.se).

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INTERACTION COMMITMENT INNOVATION

Close cooperation with customers, a constant drive to find a better way and commitment to keeping its promises have made Atlas Copco what it is today. Explore the evolution of a company that believes productivity and sustainability go hand in hand.

Atlas Copco