



CRM - Welcome to Atlas Copco!



Again, we have the pleasure of greeting a new company, and 49 new colleagues welcome to Atlas Copco. On January 3, 2006, the acquisition of South African distributor and boom manufacturer CRM (Consolidated Rock Machinery Ltd) was finalized.

CRM is a leading distributor of rig-mounted and handheld construction and demolition equipment, as well as surface drill rigs, portable compressors and compact equipment on the South African market. CRM was founded in 1987 with head office in Johannesburg. CRM is now in the process of being integrated into Atlas Copco South Africa Pty Ltd.

For CTO, the acquisition is a golden opportunity to get a larger part of the demolition market in South Africa. Another benefit is the pedestal booms business, which fits well with the CTO product offer. These products are now being integrated into the Atlas Copco brand and will be launched on several markets later this year. The finalization of the acquisition was celebrated with a nice welcome party, where new and "old" members of Atlas Copco

What are the core competencies of CRM as you see it?

Royston: CRM have for some years mirrored the markets that Atlas Copco serve, but they have added to their product offering to ensure that they stay in step with the market and more importantly the customer requirements. The strength of the company is the energy and determination shown by both management and staff to exceed customer

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CTO News 1, 2006. Editor: Anja Kaulbach



Royston Goodman and his team cutting the Welcome cake

South Africa met, mingled and had a good time together.

Royston Goodman is General Manager for CMT operations in South Africa and below you will find a short interview on how he looks upon the future opportunities for Atlas Copco and CRM.

expectations. This has paid off well and is demonstrated by their very strong position on the market today.

Atlas Copco

They have built a team of dedicated service people and branch networks to ensure that they can maximise the South African demographics.



CRM premises



Deryck Jordan, one of the former owners of CRM in front of the Powered by Commitment campaign poster

Can you give an example of how the company support customers?

Royston: Since CRM went into business in 1987 much have changed on the South African market. The company has been instrumental in working with some of the largest Surface Drilling Contractors in supporting their growth, also in difficult times and in the most inhospitable areas of Africa. The determination to remain focused on customer expectations have been the key factor for CRM's success. They have positioned themselves to

extend a broader range of services and products to their market segment. This was also the reason why they embarked on the manufacture and assembly of Booms and Pedestals to compliment the range of hydraulic attachments.

How does the company fit in with Atlas Copco?

Royston: Serving the region with the same end user market and providing products and services in the same segment as Atlas Copco, it goes to form that we share similar customer groups, but CRM has a wider exposure to Construction markets with the complimentary products they offer, therefore they bring a deeper knowledge and understanding of the market, to Atlas Copco. They are structured to serve the Aftermarket in a slightly different way compared to us, we can however learn from each other and reap the benefit of their experience and engender this to our organisation.

What are the major benefits to have CRM becoming part of Atlas Copco and CTO?

Royston: This acquisition will strengthen our position in South Africa and neighbouring countries and further improve our possibilities of serving our customers in a better way, whilst at the same time offering a deeper understanding of our Customer share opportunities. This brings us closer to customer groups in that we can offer standard and bespoke packages, especially when you think about Booms and Pedestals.

How is the integration work proceeding and what are the activities for the near future?

The first phase of the integration includes a lot of practical things,

everything from installing new computer software and routines, to printing new business cards.

The most important task however, is to make sure that the customers are well informed and feel confident with the new owner of CRM. Therefore several communications activities are in the loop, i.e. advertising, customer days, press conference etc. The work of taking the customer base of CRM across to Atlas Copco is already in full progress and it is fully supported by our new and powerful integrated team!

by Lotta Bynke



The CRM team is welcomed by Royston Goodman with the traditional cake ceremony



Welcome to Atlas Copco!

Teamwork Cup



The demolition of the Henrichshütte industrial plant in Hattingen on the banks of the river Ruhr is nearing its completion. Until 2008 a total area of nearly 40 hectares will be available for new industrial settlements. In the first phase scheduled to be terminated in March 2006 the old press and hammer works will be demolished.

Two halls and a bunker will be stripped down to the ground. The demolition work is carried out by the Messrs. F&R from Neunkirchen. A considerable amount of Atlas Copco products will work in concert: CC 3300 S, BP 2300 R, CC 4000 S as well as an old Krupp HM 2600.

Operation is started with a new CC 3300 S attached to a CAT 330 C. After the first few hours the operator Peter Hoffmann is truly pleased with the performance of the CC 3300 S: „It's incredible what this combi cutter is biting away ! The chaps of our clearing

team have difficulties keeping up !“. He confirms that the CC 3300 S has even more power than the hired CC 4000 S which is also used on the site. „The design with only one central main pin gives the cutter the stability and safety needed for cutting steel. The short opening and closing cycles are ideal“.

And the effort is rewarded: the cutter uncovers an old cup. Although thoroughly deserved, the cup was actually presented to a football team for a tournament won more than 20 years ago. Such a demolition site is always good for an unexpected find.

by Anja Kaulbach



Lübeck is turning towards Eastern Europe



The shipbuilding industry on the shores of the Baltic Sea is drawing to a close. What will happen to the old shipyards? Is there any suitable use for the large yard areas and the equipment?

A practical answer to these questions is given by the former Flender shipyard which is presently being dismantled. The port basin will be changed into a new container terminal and ferry port. The extension of the EU towards the East has prompted new objectives.

The demolition contract has been awarded to Messrs. Bernd Grabowski Abbruchgesellschaft. The ship launchway is 43 x 80 m in size. In addition to the launchway and a 4 m thick wall, a 3 x 3 m concrete core needs to be demolished over its entire length of 80 m. This represents a total mass of concrete of 2,850 m³.



Some of the former yard buildings had already been levelled to the ground at an earlier time.

The buildings were demolished using an old Krupp HM 1000 breaker. The excellent performance warranted a perfect demolition according to schedule.

But for the launchway, the concrete core and the wall a more powerful breaker was needed and an HB 3000 attached to a Liebherr model 934 Litronic excavator was demonstrated. After a short while the Grabowski people were convinced that this breaker is most appropriate. Bernd Grabowski was brief and to the point: „The performance matches the job“.

Now some 800 – 1000 m³ will be demolished every week using the HB 3000. The HM 1000 will „only“ be used for finishing work. Everything will be completed before long. With the two reliable breakers the demolition work is already ahead of schedule.

But Bernd Grabowski counted another aspect to Atlas Copco's credit: „The direct connection to Mr. Kelkert of the Langenhagen Service Station is reassuring in case something goes wrong. The Atlas Copco Station is competent, provides a quick service and is absolutely reliable“. For Bernd Grabowski an extremely important aspect when it comes to making the right decision.

by Olaf Seiffert



*How a satisfied customer should look like
- even in Germany's standard weather!*

Cobras and the UK Hire industry represented by HSS Hire



A part of Atlas Copco Construction & Mining Ltd. UK's sales success is working with leading hire companies in the UK. One of those is HSS Hire, the largest tool and equipment hire chain in the UK, with over 500 outlets operating with a fleet of over 600 vehicles, expanding worldwide through franchises.

Atlas Copco CMT UK's manufacturer-supplier relationship with HSS Hire goes back over five years and HSS has been hiring their construction tools since the



release of the FB60 in 1989. In later years, they have added Atlas Copco Motor breakers to their fleet and were one of the first UK hirers to take on anti-vibration pneumatic breakers.

The tool hire industry in the UK is CMT UK's main target segment and it is estimated that the top 10 hire companies in the UK account for less than 50% of the

sector's revenues, making it worth between £1 billion to £1.5 billion according to recent market estimates from the magazine Executive Hire News. The market is defined as tool hirers and small plants who are tool hirers. Atlas Copco CMT is very fortunate in working with the top 10 hirers in the UK market: HSS, Speedy, Hewden, and the Gap Group.

CMT UK's most successful manufacturer-supplier relationship is with HSS Hire, which has continued to grow at an extremely fast pace in recent years. CMT UK and HSS worked very closely researching and developing Hydraulic power packs. This led to CMT UK securing a sole supplier status for Hydraulic power packs and breakers resulting in an order for 601 Cobra TT's and 38 MK1 Kit in 2005. This successful growth would not have been possible without Atlas Copco's acquisition of Lifton Hydraulics, which further strengthened the portfolio of quality products.

Besides the strong business relationship, in 2005 CMT UK experienced huge sales of Cobra TTs units, going from 0 in 2004 to 601 in 2005 due to the fact that Cobra TT, with its low vibration levels and custom designed tie tamper, has been specified by Network Rail as the tool of choice for use on the UK railway infrastructure. In 2005, Network Rail, the operator of Britain's rail infrastructure, awarded HSS Hire the contract to supply all non-rail specific tools on a national basis. This fits very well into CMT UK's relationship with HSS as they

have an extensive support network of depots throughout the country. By offering one stop shopping and service, a customer can drop off a tool for service or repair, track the tool through the system and collect it from the original depot once repaired.

Good customer relationship management is vital when dealing with a key account of HSS's magnitude. "It is critical that we are able to react quickly and understand customer needs; we do this by building close professional relationships with the customer who enables us to react quickly to any needs or challenges that arise. Over the years, Atlas Copco and HSS have grown successfully on their own and together and we are convinced we'll see the results of improved levels of business in the years to come", according to CTO Business Line Manager John Maughan.

by Marie Zackrisson



Rented, Worn and Reborn



Refurbishments through Atlas Copco keep RSC breakers on the rental market.

WEST SPRINGFIELD, Mass – Rental centers today know all too well that achieving high utilization for a given product requires far more than the product simply having the proper capabilities. The name on the equipment may have an influence on a customer's decision. The reputation of the rental center itself may also be an issue. And, of course, the declining condition of the product as it is used and abused throughout the course of its rental life will be a contributing factor as well.

And because product quality is among the most critical of these issues, some rental centers have established working relationships with equipment manufacturers to periodically send in equipment for a complete refurbishment. Rental Service Corporation (RSC) and

Atlas Copco Construction Tools Inc. are one such rental center/manufacturer team.

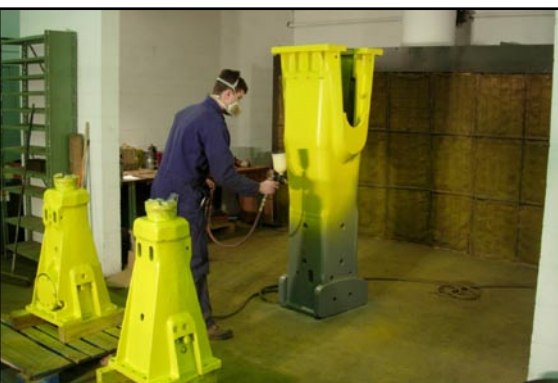
Atlas Copco established regional service centers in Cleveland, Ohio and Austin, Texas in late 2003. The idea behind the centers was to provide support to the company's dealer network in order to optimize the quality of service provided to end users of their products, with the primary focus on hydraulic breakers. That concept has grown and expanded into new areas of business, including the arrangement with RSC, which began in late 2004.

The refurbishment process itself is pretty simple. When RSC has a worn-down breaker in need of refurbishment, the company arranges to have the unit sent to one of the service centers. Atlas Copco then replaces the seals, bushings and anything else on the breaker that can wear out over time.

Because every wear component on the machine is replaced, Atlas Copco has been able to set a fixed price for every breaker that comes in for a refurbishment. "We have one number, one price for them every time," said Keith Becker, national service manager for the Texas center. "RSC designates where the breaker goes after the refurbishment, so this way each store receives the exact same quality breaker. Each one gets the same treatment."

"It eliminates a lot of worries," said Matt Cadnum, national service manager for the Ohio center. "Rather than trying to determine if a part here or there needs replacing, we just take care of all the wear items. And we do it right."

Atlas Copco has worked to improve the efficiency of the process as well. Initially, neither service center had the internal capability to press out a breaker's bush-



to be continued

ings. The Texas center has since added a 200,000-pound press to facilitate the process. The Ohio center continues to outsource this aspect of the job to a local shop, which usually completes the task within a day.

Once all the wear components are replaced, the breaker is tested to ensure it's working properly. It then gets a new paint job and new decals. The final result is a refurbished breaker that not only works like new, but looks new as well. "You can be confident you're getting a good, reliable unit," said Cadnum. "And in most cases even an operator would never guess the breaker is several years old."

"If a customer spends money with us to get good service, then the breaker should look good when it leaves here," said Becker. "And it only makes sense from a rental

center standpoint to keep their fleets looking clean and up-to-date. It shows they take care of their equipment."

The complete turn-around time on a breaker, not including shipping, ranges from one day to one week depending on how busy the service center is. "Equipment sitting still isn't making money," said Cadnum. "We take pride in getting units turned around in a timely manner."

A significant function of the service centers since their inception has been to provide service to end users who bring in breakers from competing manufacturers. Atlas Copco's association with RSC has spurred additional relationships with rental stores looking to have competing units serviced. To this point, however, the full breaker refurbishments have been

performed almost exclusively on Atlas Copco breakers.

Approximately 70 breaker refurbishments have been completed in the first year of Atlas Copco's arrangement with RSC, and their rental partner has been very pleased with the system. "They had some 'dead' units sitting in their storage yards that now are up and running," said Becker. "It's just good business for both parties. We're on the same page, and that's what makes it work so well."

by Brent Bissell

Expocorma 2005



In November, Atlas Copco Chilena participated in the Expocorma Exhibition and CTO showed some handheld pneumatic products and motordrills, as well as SB 150 and SB 300 breakers.

Expocorma was held for 13th time in Concepción, 500 km South of Santiago de Chile. It is directed and organised by CORMA, the Chilean Wood Corporation and has become a very important meeting place for the Latin American Forestry sector.

The exhibition is a reflection of the development attained by the Chilean Forestry sector and of its growth potential, as the entire industry, and especially Produc-

tion, Sawmill, Cellulose, Remanufacturing and Board sectors are receiving important investments. This has also been the case for the supplier sectors related to the upgrading of equipment and transport.

The fact that construction is a fundamental area in the current and future use of the resource has led us to exhibit an important variety of these products in this version of the fair. This has been possible thanks to the participation of relevant exhibitors, and to the interesting events offered to organisers and visitors related to the construction area.

by Anja Kaulbach



General comments about performance of 2005

The year of the Hand Held was officially launched during the sales conference held in April, in Bulgaria, although some marketing activities had begun earlier. The promotions refreshed many products giving focus back to the hand held line that generates consistent and profitable sales for the division.

For the hand held product portfolio, 2005 was an exciting year, beginning with the acquisition and integration of Lifton in January. Throughout 2005, the team in the Hand Held Hydraulics, headed by both Kent Magnusson and Jan Byrresen went through an exhaustive program to ensure sound integration on the products into Atlas Copco was achieved. A quick brand change and new model assortment was also carried out in this first year. This being our most recent acquisition and closely aligned to the previous Krupp attachments acquisition,

the organisation at the product company and customer centres embraced the products, distributors and end customers with professionalism and enthusiasm. The result to date has been that around 95% of all distributors are now working through our local customer centres and a smooth brand change has occurred. Now new opportunities for the future of this business are seen on the horizon, including the development of OEM (private label) business.

2005 was a great year for petrol drills and breakers, which have rebounded strongly increasing total sales over previous years, with the "Looking for a good deal" campaign. The improvement on products such as the Cobra mk1, Cobra TT and Cobra Combi and the introduction of the new Cobra Standard machine in 2004, provided us the right products to offer to the customer. Most markets performed well, of note was orders from the Indian Army for 746 Pionjars, increases in the UK and Chinese markets for tie-tamping applications and the solid development in the markets of the USA, France and Nordic region are worthy of mention. Of course this increased demand placed pressure on production, however the team in production and within purchasing worked relentlessly to address any short comings in lead times and the customer centres managed their customers well, as a result of the efforts we did not lose the business opportunities we worked for.

For the Pneumatic construction



tools sales increased in value by 8 % for the Atlas Copco brand and by 14 %CP over the previous year, due to the success of the "Ready to go" campaign and other activities executed on many markets. However, the trend of using lighter tools and sales growth outside the traditional Western Europe area for the Atlas Copco brand, affected the unit result, where Atlas Copco alone increased its output in units by 29 %. Similarly the CP brand increased its production output in units by 36%, but was also affected by the trends.

As dual branding is developing in more markets, a restructuring of the Product Company was performed in the last quarter to reflect similar structures that appear in the customer centres. The ambition is to enhance a closer co-operation and better dialogue between customer centres and the products company.

Light rock drills (LRD) also enjoyed a strong year in most markets and even the most automated markets saw an increase in enquiries and closure rates. Of course LRD type products offer immense after market opportunities due to the nature of its application. Several projects have been underway

Looking for a good deal?

Hitting at an incredible 60 joules, the **Cobra mk1** is the most productive petrol-driven breaker on the market. It is ideal for smaller jobs that are quickly completed. With an extensive range of tools, you can use the **Cobra mk1** for everything from cutting and breaking, to driving and compacting.

Right now we are offering you a package that will make it even easier to get the job done.

When buying a **Cobra mk1** you get an asphalt cutter, narrow chisel, and a trolley for free.

To get more information, please contact your local Atlas Copco representative.

Shank	Ordering No
32 x 150 mm	8318 0700 26
32 x 152 mm	8318 0700 27
28 x 150 mm	8318 0700 28
28 x 152 mm	8318 0700 29

Atlas Copco Construction Tools AB
105 23 Stockholm
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www.atlascopco.com

during 2005, of particular note are projects related to our Shenyang product line, where the marketing and production people headed by Danie Steenkamp and Thord Wikstrom have worked well to ensure a sound launching pad for selected export markets.

Here, restructuring also occurred in November, where all surface rock drills (with the exception of plug hole drills CP9, CP 14 and DKR 36, which were transferred into the pneumatic construction tools product line) were added to the production rock drills. The result is a clearer definition of rock drill applications that will lead to improved product support and future product development.

In summary, we have now worked hard to reverse the negative trend and to create a solid and stable platform. However new challenges are in front of us such as the new legislation now in vogue in Europe for vibration dampened machines and lower noise emissions, where we need to educate the users and channels in the benefits and features pertaining to the Atlas Copco hand held assortment of construction tools. We look forward to the new opportunities and challenges that the year 2006 and beyond will present to us.

by Steve Greer



Impact issue number 3 has „set the sails“

and is on its way to you. No, not by boat but on the quickest possible way.

And again it is packed with reports from all over the world. You can for example read about:

- how the countries of the Middle East are changing their coast line,
- how the HB 7000 is taking a dive into the Arthur Kill River canal,
- an extremely frosty job in the polar circle,
- a survey of hand-held hydraulic tools,
- how ContiLube®II thrills customers in the Val d'Isere,
- the adventures of the „Göteborg“ on its way to China,
- and lots more.

All Customer Centres automatically receive the ordered number of issues to be passed on to dealers and customers.

You should also take advantage of the possibilities offered under www.impact-journal.com. This is where your customers and dealers can get registered for a free subscription to the magazine, which makes it easier for Customer Centres and helps to save costs. The website also offers the usual convenient download possibilities and provides access to our archive.

by Anja Kaulbach



INTERMAT 2006 :

Welcome to the « Circle of Excellence »

INTERMAT is coming soon! Here comes a brief information about the status of preparations:

Booth concept

For the first time on INTERMAT, CMT and Airpower share one common booth. Both divisions have decided to follow a concept that is application oriented and not “division-oriented”. It is planned to show more competencies and less products, concentrating on “new products” and “big sellers”.

After Market/UoP will be the core theme in the center “Circle of excellence” of the booth.

We will present working tools, service kits, extended warranty contracts, ProductsOnline as well as AC Connect. Also some interactive, attractive presentation will be created. The complete communication concept

PLACE: Paris, Parc d'expositions de Paris-Nord Villepinte

DATE: Apr. 24 – 29, 2006

OPENING HOURS: 9 am – 6 pm

STATISTICS 2003:

Exhibition space: 155 938 m²

Exhibitors domestic: 532

Exhibitors foreign: 737

Visitors domestic: 92 944

Visitors foreign: 41 146

INTERNET: www.intermat.fr

ATLAS COPCO: Hall 5 B, Booth No. 5 D 041, 5 D 031

STAND ORGANISATION:

Michael Gaar, Essen, (coordinator for CMT),

Jacqueline Castel, Paris, (coordinator for Compressor Technique)



is based on the claim “Circle of excellence”. This claim relates to the excellence of our products, our services and the team of Atlas Copco.

Positioning campaign

The “Hand and Face” campaign is finished and will be followed by a new campaign that is under construction.

Visitors

If you plan to visit the fair, you are requested to inform the organizers in advance. The benefit for you and your customers is that the team will be well prepared.

Intermat VIP event

It is planned to have an Atlas Copco VIP dinner. If you see a need to participate with your dealers/customers, please get in touch with Sandra Everaert at AIP who is organizing the event. Be quick – first come first serve.

Hotels

Accommodation shall be organized individually by visitors. Contact: www.hotelexpress.fr

Press

1. Pre Press event

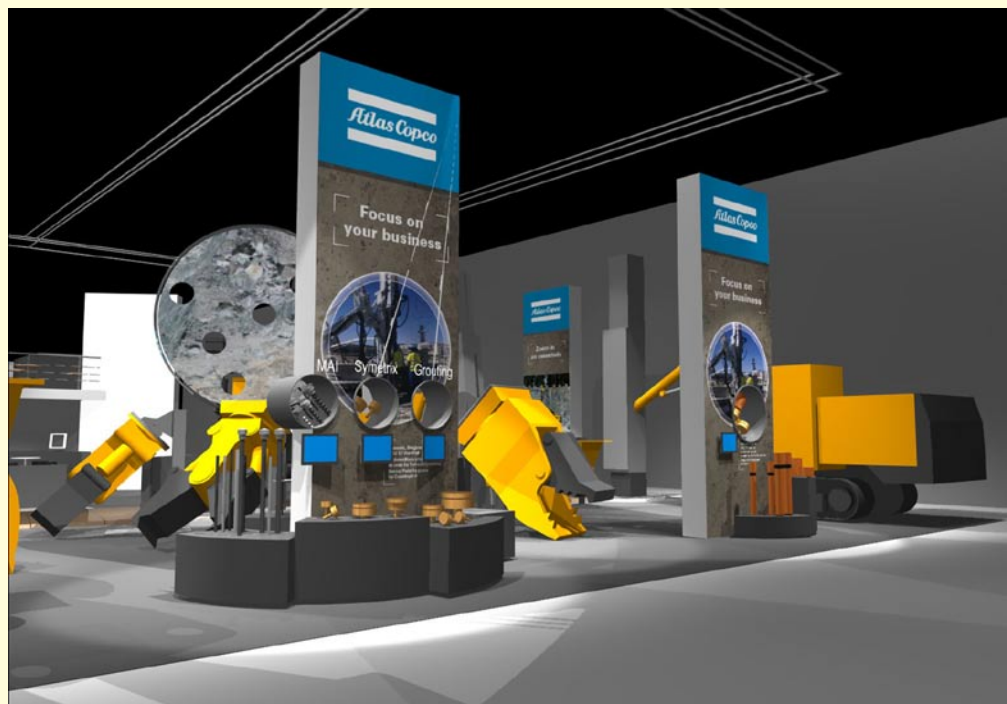
The pre-press event was held on Jan 27 and 28, 2006. Approx. 150 journalists from 30 countries attended.

2. Press conference

The Atlas Copco INTERMAT Press Conference is planned for Wednesday, 26.

Customer Magazines

Mining & Construction, IMPACT # 4 (Intermat Special)



Staff training

A one-day training will be held for the exhibition team by external trainer. A special training concept is under construction.

Chicago Pneumatics

CP will be on a separate booth in Hall 5B

List of exhibits

A detailed description of all CTO/CP exhibits will follow in the next CTO news

by Michael Gaar

„Excavator“ for all contingencies !

It is not long since the CTO staff can use a new database in Lotus Notes: for each carrier „Excavator“ finds the proper attachment which makes the job much easier for the entire CTO sales staff.

The database is available in German and English and contains the key data of some 4500 different excavator models offered by 177 manufacturers. The data cover carrier units for nearly all CTO products – apart from the Essen products of series MB, HB and Silent Demolition Tools you will also find SB, CP and PB breakers in the database. A simplified version of this database is also available in Sales Power.

This database allows marketing staff to quickly find the correct excavator-tool combination for the customer's carrier. Simply by entering the excavator data, the database displays the tools which can be attached to the excavator. Then the required tool is selected and the software will show the identification number

of the adapter if such a combination has ever been sold before. In case there are any special characteristics, they are noted in the folder „Remark“. If practicable, the entire information is provided with the consent of the excavator companies so that special kits made to specification are possible. In case the adapter is not yet included or designed, the customer should contact the competent Atlas Copco Area Manager.

Jörg Giller, the administrator responsible for this database is collecting the entire information in Essen. New information is entered practically every day so that the sales staff member can always revert to the latest version via the update which is carried out on a daily basis.

Jörg Giller acquires the required information from his visits to the major German construction exhi-

bitions, to excavator manufacturers and to internet websites.

Jörg Giller: „It has been a hell of a job over a long period of time, since the idea to create this database has cropped up 10 years ago and has been updated on a regular basis. But it is an extremely interesting and awarding venture because I am constantly in contact with a lot of people trying to obtain the most recent information directly from them. But this is only part of the work. Keeping the database up-to-date is an undertaking that never ends.“

You can access the database in Lotus on the Atlas 30 server via CMT -- DEQ – Excavator. A password is not needed to get access to the data.

by Alena Marek

tool	optimal	adapter kit	side bracket	Adapter plate	quick-hitch
MB 1600	no				
MB 1200	yes			336226-41-45	
MB 1700	no			336226-41-45	
CC 1501	no			336226-41-45	
BP 1900	yes			336226-41-45	
BP 1900 F3	yes			336226-41-45	
DP 1800	yes				
HBC 2500	yes			3363089999	
HM 780	yes			336226-41-45	

New chapter in CTO News: Service tip!

Tips make all our life easier and offer more efficiency if it comes to handling of our machines.

We would like to publish tips for all CTO product groups from service experts for all colleagues in the Customer Centers. Sometimes smallest and most unimpressive practical tips bring a lot of time saving and make the work in the field and in the workshops more efficient. Contribute with your experience in trouble shooting, machine handling, maintenance etc.

Transfer your knowledge to your colleagues worldwide, as you all are facing the same problems day by day. Help to create a new network and experience exchange – be part of the Service tip section!

by Claus Schiedek

Service tip No 1

Machine: Cobra MK1/Cobra TT Tip related to: Fuel Test, engine seizure

A simple fuel test, to prove to the customer, he has used incorrect fuel mix. The Cobra MK1/TT runs on 2%, 50-1 ration.

Take a piece of white paper, take the neat fuel from the Cobra, pour onto the white paper, around 3 minutes, the neat fuel evaporates and leaves no stain on the white paper. This proves there is no oil in the petrol.

Then take a piece of white paper, pour premixed fuel 2% 50-1, around 3 minutes the fuel will evaporate, leaving the two stroke oil stain on the white paper. This proves there is oil in the petrol.

As we all know, this is a very common type of failure and also an expensive one.

by John Norry, Atlas Copco UK

Get rid of the stock !

The exhibition pool in Essen was due for an inventory which revealed some stock too good to be standing around unused. We are therefore offering to the CCs to apply for exhibition posts in different sizes **free of charge**. The CC only have to bear the freight charges and have it painted/refurbished locally.

The following exhibition posts can be made available:

- 3 exhibition posts suitable for the MB 500, SB 450 and CP 550 (90 mm dia.)
- 6 exhibition racks suitable for the SB 200, CP 200 and PB 210 (65 mm dia.)

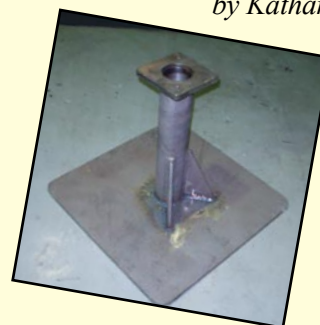
Interested parties should contact:
Wolfgang Ballschmiede

Tel.: +49 (0) 201 633 1562

Mobile: +49 (0) 173 72 55 127

wolfgang.ballschmiede@de.atlas-copco.com

by Katharina Seeger



New Vice President Production/D&D

The CTO Division has grown significantly during recent years and through acquisitions, the number of product companies has increased rapidly. To get the right focus on production and product development, this calls for a new organisational structure. To meet this need and to safeguard the organisational development for the future, a new function – Vice President Production and D&D – has been created in the CTO division.

Pauli Arenram has been appointed to this position, effective January 1, 2006. Pauli will continue his work as General Manager for CTO Essen, Germany, until a suc-

cessor is appointed. He will return to CTO in Nacka, Sweden, during Q2, 2006.

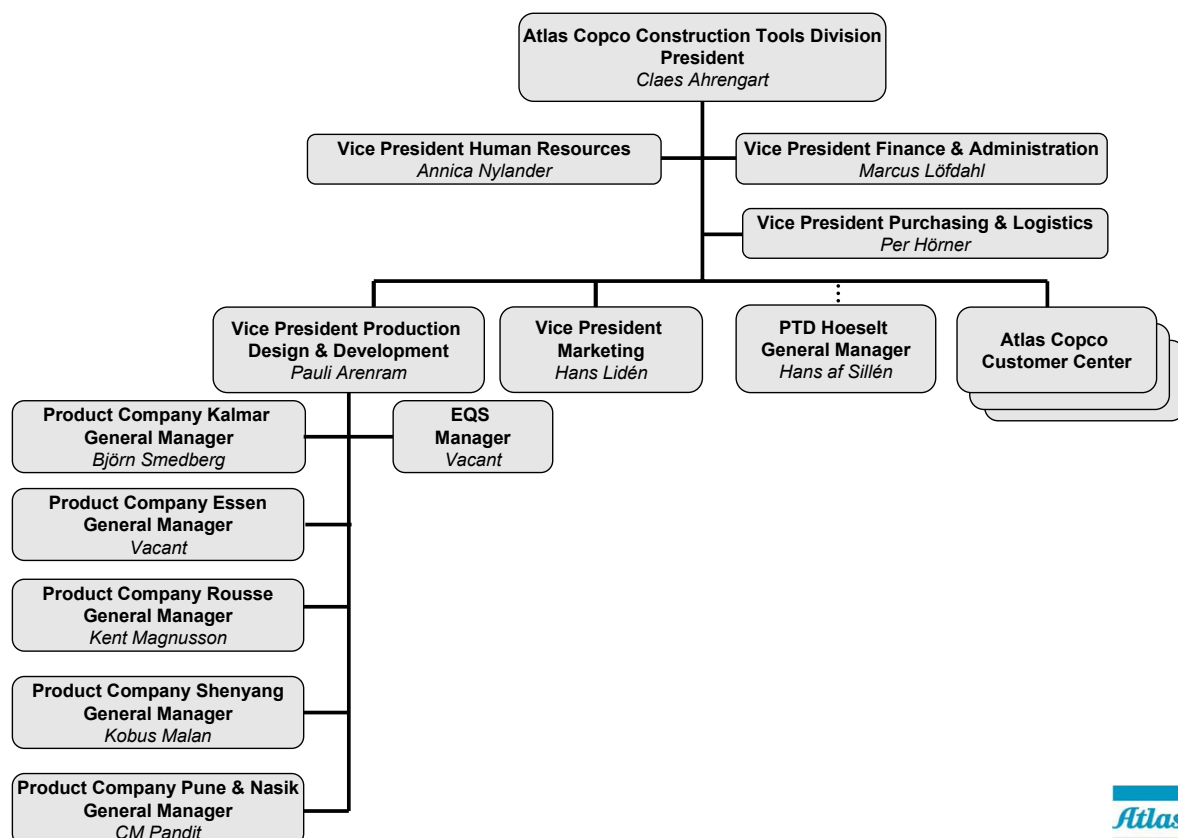
In his new role, Pauli will be the chairman of all CTO Product Company Review Meetings. As a second mission, Pauli will hold the function as Vice President of Mergers and Acquisitions, and he will work with acquisition projects within CTO and CMT.

As of January 1, 2006, Claes Ahrengart will devote his time entirely to overall divisional strategic initiatives and therefore he will leave his position as General Manager for the Swedish product company.



Björn Smedberg, at present Production Manager CTO AB, is appointed General Manager, Atlas Copco Construction Tools

Atlas Copco Construction Tools Division



in Kalmar, also effective January 1, 2006.

Anja Kaulbach spoke to Pauli Arenram about his new role:

Anja: “Pauli, congratulations to your new position. Could you tell us something about your mission when it comes to the Product companies you are responsible for?”

Pauli: “The mission is in short, to create reliable, innovative and cost efficient units, which meet or exceed the set growth targets. I will focus on the whole Supply Chain Management, People Management, Time to Market and manufacturing processes. A strong focus will also be on the realization of the Global Produc-



*Kobus Malan,
General Manager Shenyang*

tion Strategy, and all projects derived from it.”

Anja: “Can you give us some more information on your activities on the Mergers and Acquisitions sector?”

Pauli: “This is a sensitive area since, from a legal point of view, we are not allowed to talk in detail about which companies we are



*Above left: Björn Smedberg, newly appointed
General Manager Atlas Copco Construction
Tools, Kalmar*

looking at. What I can say is that we are continuously looking after suitable candidates to acquire, in order to complement the CTO business portfolio. Part of my mission is also to participate in, let us say “bigger potential acquisitions projects” within the CMT Business Area. – What I am going to do immediately, is to finalize a clear acquisition strategy for CTO, have it approved in our divisional management group, and form a team of people who will work together with me in analyzing and understanding potential candidates, and preparing required documentation for various Board presentations and Board approv-



CM Pandit, General Manager Pune & Nasik

als.”

Anja: “From your experience as General Manager in Essen: what does your successor need most to survive in this position?”

Pauli: “Ice-hockey-goal-keeper-protection-gear will help a lot...” To be serious, I think the most important asset will be top level interpersonal skills. You have to be a strong communicative manager with “big ears” and good judgement, a person with an open mind and a positive, performance oriented and innovative attitude.

Anja: “Thanks for your time and a successful start in your new position.”



*Kent Magnusson,
General Manager Rousse*

Bye bye Adriena

Adriena Cerna is leaving the company and going to deserved pension at the end of February this year.

Before she joined Atlas Copco on July 1st 2003, she had been working as only sales representative of Krupp Berco Bautechnik in Czech Republic for more than 20 years. During this time she had managed to take over the market of hydraulic hammers in Czech Republic from competitors, to gain more than 50 % market share and to sell approx. 600 Krupp hydraulic hammers in Czech Republic.

After joining Atlas Copco she was going on with her contribution to hydraulic attachment sales and marketing activities. Thanks to her effort Atlas Copco successfully finalised negotiations with

the former Krupp service representative in Czech Republic, she immediately started to teach about the Krupp business and hand over her experiences to Atlas Copco CTO staff. She even helped to AC CMT Central Europe to convince some of the former Krupp agents in the region of Central Europe to accept the new situation and to come under the Atlas Copco umbrella. As Atlas Copco employee she kept on going to sell hydraulic attachments and she has sold almost 100 Atlas Copco hammers so far.

Thank you, Adriena for excellent job done for Krupp and Atlas Copco during all that years and we wish you nice relaxing time.

CTO team Atlas Copco Prague



New General Manager at AC Shenyang

I am very pleased that Mr Yan Yi has been appointed as General Manager of the AC Shenyang Customer Centre. Yan Yi has been working for Ingersoll-Rand Bobcat for the past 8 years and brings to Atlas Copco a wealth of sales, marketing and dealer management experience in the Chinese construction market.

Yan Yi holds an MBA from Thunderbird (The American Graduate School of International Management) and a Bachelors degree in Civil Engineering from Beijing

Polytechnic University.

Please join me to welcome Yan Yi in the Atlas Copco Group and to wish him every success in his new career and mission in Shenyang. He will start in his position in Shenyang on 20 December 2005.

by Kobus Malan



Comments

The sales performance in December was in line with our expectations. The order intake in the month was good compared to December previous year in all regions except for Australia & Oceania. Accumulated order intake in all regions though show double digit growth.

Amongst the individual countries strong orders received in Nordic countries, France, Great Britain, Russia, Spain and Turkey in Europe. In Americas strong sales in USA, Mexico and Chile. Also South Africa had a strong order intake.

The organic growth (excluding acquisition, currency and price

effects) for orders received was 9 % in the month when comparing with December 2005, and +16 % when comparing accumulated January – December 2005 with corresponding period 2004.

The order intake for all product groups were strong, but especially good for hydraulic attachments and use of products.

In our invoiced sales ranking to be noted that Great Britain took the third place in our ranking and India climbed to position No eight. Poland now is also among the top twenty countries.. The 2nd table shows the percentage change for the main product groups for whole year 2005 compared to 2004.

We are glad to see an improvement in the unadjusted gross margin. In spite of these positive signs we have not yet fully been able to compensate for the raw material price increases received from our suppliers, and price increases are of utmost importance. Adjustments were in December below average for the year.

The result on ebit level in December was in line with expectations and accumulated highest ever both to absolute amount and as percentage of net invoiced sales.

The number of days for stock went down in the month and we are on a good trend towards our

CONSTRUCTION TOOLS ORDERS INVOICED 12 month figures

Territories	Ranking 12M 200512		Short term trend * % in loc curr
USA	1	(1)	7%
Germany	2	(2)	-2%
Great Britain & Ireland	3	(4)	14%
Spain	4	(3)	-2%
Greater China	5	(5)	7%
Italy	6	(6)	2%
Norway, external products	7	(7)	-13%
India	8	(9)	30%
France	9	(8)	7%
Central Europe	10	(10)	4%
MEN Region	11	(11)	3%
Australia & New Zealand	12	(12)	4%
Alpine	13	(13)	-1%
Sweden + Denmark	14	(14)	7%
Turkey	15	(15)	6%
South Africa	16	(17)	-7%
Belgium	17	(16)	-3%
Portugal	18	(18)	-3%
Norway	19	(19)	-4%
Poland	20	(-)	4%

Change
in trend
in the month



Change in sales for responsible company 200512 vs previous year

	Hyd attachments	Handheld products	Use of products
	22%	18%	20%
	16%	13%	-3%
	12%	25%	44%
	26%	11%	7%
	94%	29%	0%
	15%	-9%	9%
	84%	94%	19%
	35%	26%	25%
	17%	0%	-2%
	31%	-10%	81%
	25%	16%	38%
	-3%	-2%	-5%
	63%	14%	19%
	75%	-8%	48%
	39%	22%	6%
	73%	5%	11%
	32%	12%	1%
	-11%	24%	20%
	49%	10%	8%

* 12M 0512 vs 12M 0509 by destination.

CONSTRUCTION TOOLS

Inventory Days as reported in 2OP

Ranking 200512	Ranking prev month	Sales Companies		Inventory Days	Change vs prev month
1	(4)	IYC	AC Italy - CMT	5	-2
2	(2)	MFR	AC Forage et Démolition S.A.S.	5	0
3	(5)	MCS	AC CMT Sweden AB	7	-3
4	(8)	PRC	AC Portugal Divisão Construção C&M	7	-10
5	(3)	GBC	AC Construction & Mining Ltd.	9	3
6	(9)	ASC	AC CMT Austria	11	-7
7	(6)	CHC	Bohr - und Tunnelbautechnik	12	0
8	(1)	ESC	AC CMT Spain	13	9
9	(7)	MDE	AC MCT GmbH	14	-1
10	(12)	IND	AC (India) Ltd.	17	-22
11	(19)	CZC	AC CMT Division	18	-56
12	(20)	TUR1	AC Makinalari Imalat AS	28	-49
13	(10)	BGA	AC Compressors Benelux	31	11
14	(14)	NNC	AC Anlegg-og Gruveteknikk A/S	43	-16
15	(13)	CNM	AC Shenyang sales company	56	8
16	(11)	TWN	AC Taiwan Ltd.	57	25
17	(15)	ABN	AC Construction Tools Inc.	62	-3
18	(17)	HKC	AC Hong-Kong CMT	73	3
19	(16)	BMO	Berema A/S	86	16
20	(21)	ZAM	Atlas Copco South Africa CMT	97	0
21	(18)	SHT	AC (Shanghai Trading) Co. Ltd.	99	25
22	(23)	NZC	AC New Zealand CMT	146	-33
23	(22)	MCA	AC CMT Canada	164	29
24	(24)	AUC	AC CMT Australia	211	31

Inventory ranking for countries in the top 20 sales ranking. Greater China consists of CNM, HKC, SHT & Alpine consists of ASC and CHC.

target in 2006 of 130 days. The companies in the stock table represent 84 % of our total stock in the customer centers.

The evaluation of the planning process plans for 2006 – 2008 is almost finalised and approval of customer centers plans sent out. A simplified model for expectancy reporting has been distributed and will be used in 2006.

by Marcus Löfdahl

NIS & EBIT 12M

