

Atlas Copco: Stock Story

March 2025

Investment Specialist Ben Drury spotlights one of the world's leading industrial technology companies specialising in air compressors and vacuum pumps, and explains why we are excited about its future.

Your capital is at risk.

Tell us about the company

Ben Drury: From the deepest mines in the world, in extreme environments thousands of metres beneath the Earth's surface, to cleanrooms in the most advanced semiconductor fabs in the world, Atlas Copco's products play an essential role in some of the most challenging and exacting industrial processes in the modern economy. As a global leader in air compressors, vacuum pumps and industrial tools, Atlas Copco operates in over 180 countries worldwide, working with customers in industries ranging from energy to pharmaceuticals and aerospace to automotive. Its products are indispensable to 21st century industry.

What makes this stock special?

I'd point to three things that make Atlas Copco a very special business. Firstly, Atlas' relentless focus on innovation and efficiency, supported by thousands of researchers, keeps it at the forefront of industrial technology. With energy use representing about 80 per cent of a compressor's total lifetime cost, Atlas' focus on energy-efficient solutions represents real value for its customers.

Secondly, the company has moved beyond simple sales into service and aftermarket contracts. These contracts are designed to guarantee reliability, minimise downtime, and optimise the total cost of ownership of their products. This approach helps deepen customer relationships and unlocks exceptionally high-quality recurring revenue streams.

Finally, tying it all together, beyond the what of the company's products and markets is the how of a unique corporate culture based around decentralisation, ensuring that local teams closest to the

customer's needs are empowered to take product decisions. It was this customer-centric approach that led to the focus on efficiency and helped Atlas make prescient early moves into emerging markets.

What could the future hold?

Looking forward over the next 5 to 10 years, we see Atlas as a key enabler of innovation in many of the most exciting and dynamic areas of industry. From industrial automation, where Atlas's products are helping to prepare the way for complete digitisation and manufacturing, to the energy transformation. Even the AI revolution, where its vacuum pumps play a crucial role in maintaining ultra-clean environments necessary for the manufacture of the most advanced semiconductor chips. Atlas Copco innovations will continue to shape our world.

Risk Factors

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