

Construction Technique



Capital Markets Day, November 20, 2013
Nico Delvaux, Business Area President

Sustainable Productivity



Agenda

- 1 Market overview
- 2 Business overview
- 3 The strategic pillars for profitable growth
- 4 Summary



Market overview

Segments and market / macro trends



On-site Energy



Infrastructure



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Demolition and recycling



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Oil and gas



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Mining and quarrying



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Market / macro trends

- Urbanization and infrastructure development
- Enhanced environmental and safety requirements
- Increased labor costs
- Increased demand for services

- The world needs construction

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Construction market output

	2012 USD billions	CAGR 2012–2022 Percent
Africa	63	4.7
Middle East	211	4.7
Latin America	250	4.8
India	296	8.0
Eastern Europe	311	4.1
China	1 010	7.5
Other Asia	1 102	3.0
North America	1 134	3.5
Western Europe	1 689	1.5

Global CAGR > 4%

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Pockets of growth

US
Shale gas
Rail
Power

Russia
2014 Sochi Winter Olympics
2013 Kazan Universiade
2016 World Hockey Championship
2018 FIFA World Cup

China
Troubled real estate showing signs of acceleration

Brazil
2014 FIFA World Cup
2016 Olympic Games

Nigeria
Oil industry
Projects across asset classes

Saudi Arabia
increase spending after years of under-investments and pressure from housing and social needs

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Business overview

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Mission

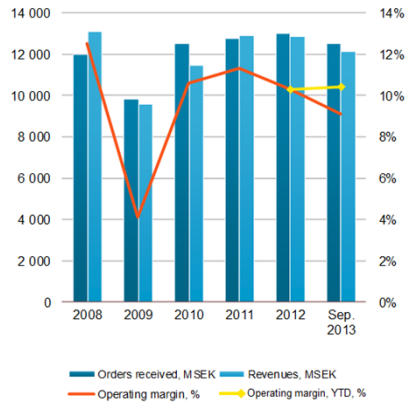
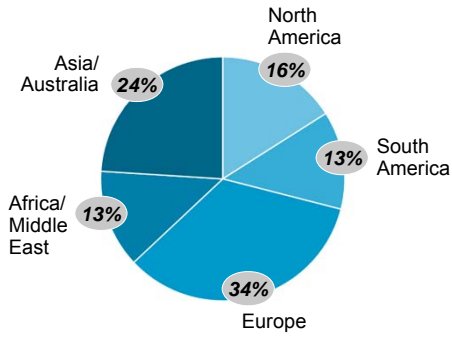
Be the global leader in providing on-site solutions for sustainable productivity

for energy, compaction, paving, demolition, renovation and recycling

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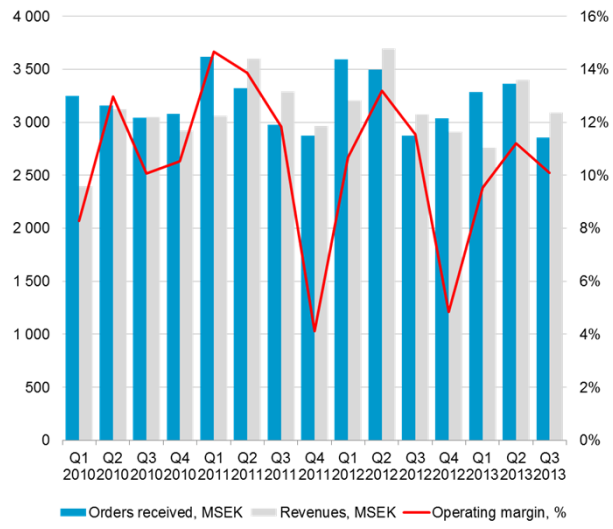
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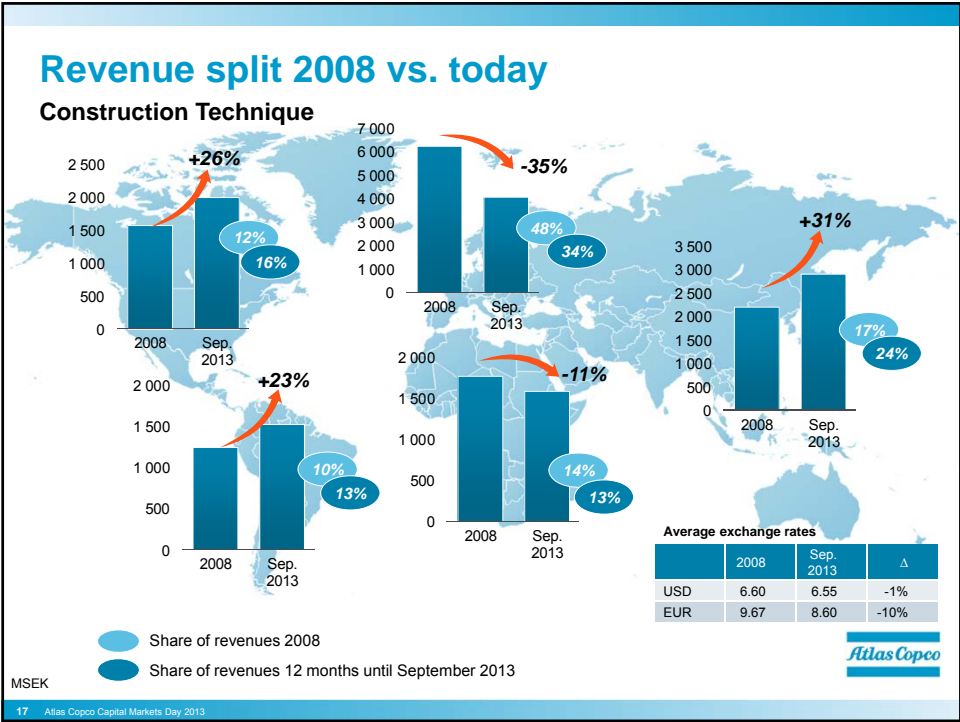


Pie chart: Revenues 12 months until September 2013, Graph: 12 months figures

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Quarterly data






The strategic pillars for profitable growth

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Improve profitability and increase operational efficiency

- Building an efficient, asset light and agile footprint
- Lower break-even point
- Consolidation and efficiency of manufacturing and logistics



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Lean manufacturing

BEFORE

Line length

5.0 hours

AFTER

Reduction



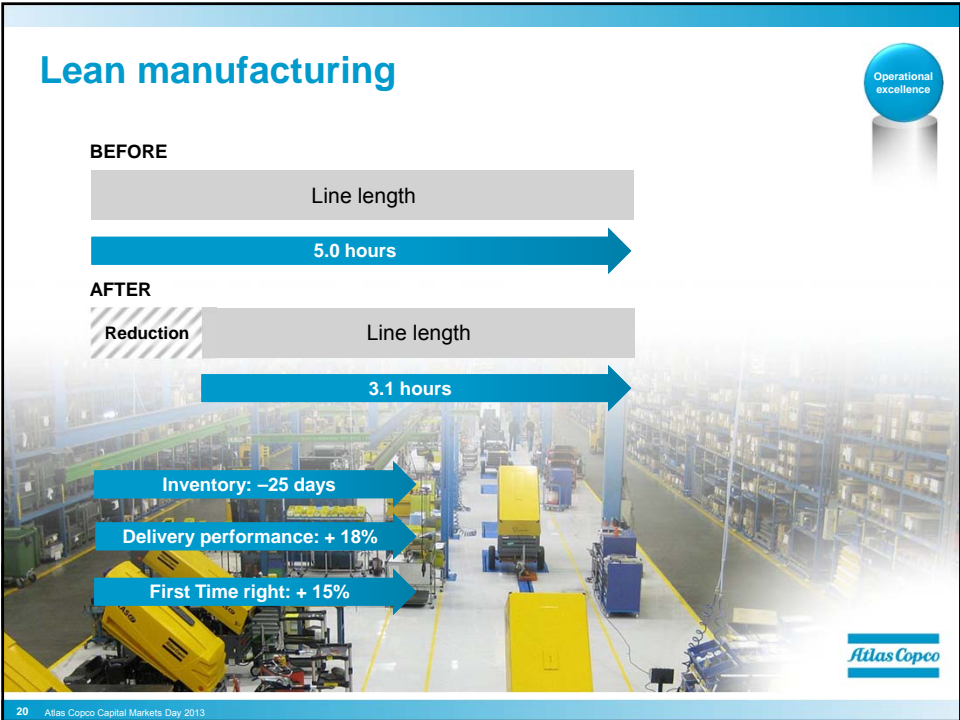
Line length

3.1 hours

Inventory: -25 days

Delivery performance: + 18%

First Time right: + 15%



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Presence

- Dedicated customer centers
 - Focused markets
- Channel management
- Premium and value segments
- Business development



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Densify presence

Dedicated sales organizations – focused markets

- USA
- Canada
- Mexico
- Brasil
- Scandinavia
- Russia
- Central Europe
- Central South Europe
- Germany/Austria
- Middle East
- South Africa
- West and Central Africa
- East Africa
- China
- India
- Southeast Asia
- Australia
- ...and more



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United States – opportunities

- Business development
 - Channel management
 - Leverage Chicago Pneumatic and APT brands
- Consolidate logistics
- Extended product offering from Rock Hill factory
- Investing in the service organization



China – opportunities

- Construction activity plans in infrastructure, transportation, power and utilities
- Densify network
 - Western China
- Premium and value segments targeted with multiple brands
 - Extended offer in value segment



Innovation

Further investments in product development

- Best product in each segment
 - Increase customers' competitiveness
 - Premium and value segment offering
 - Design for standardization, cost leadership and for service
- Building local competence
- Speed up time to market



Innovation: DrillAir

35 bar compressor



Features

- AirXpert patented
 - Flow / pressure control
 - Energy and drilling efficiency
 - Oiltronix patented
 - Oil temperature control
 - Prevent condensation
 - Increase oil / bearing lifetime
 - FuelXpert patented
 - Energy efficiency
- In compact, silenced package!



Innovation: On-site generator

QAC1250 – 1MW in a 20 foot container



Features

- Lower fuel consumption and CO₂ emissions
- Lower noise levels
- High ambient temperatures and altitude capabilities

→ All in a compact design!



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Innovation: Multifunction paver

Dynapac F3030C



Features

- Better traction
- Improved ergonomics and visibility
- Lower noise level
- Lower fuel consumption and efficient cooling
- Easy access for service



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Innovation: Hydraulic breakers

C-series

Innovation

Features

- Hydraulic breaker range tailored for China and other value markets
- Based on existing technology with innovative new box design
- Two patents granted

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Enhance the service offering

Professional service

Year	Equipment revenues, MSEK	Service revenues, MSEK	Service, share of revenues, %
2008	11000	2000	15%
2009	7500	2000	21%
2010	9200	2000	20%
2011	10500	2200	19%
2012	10200	2300	20%
Sep 2013	9800	2300	21%

- Differentiator in the market
- Grow faster than equipment
- Service ratio increased

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Construction Technique – people

- Attracting, recruiting, developing and retaining the best people
- Developing strong leaders
- Diversity and mobility on all levels
- Competences balanced worldwide
- Reducing time to competence

Competence



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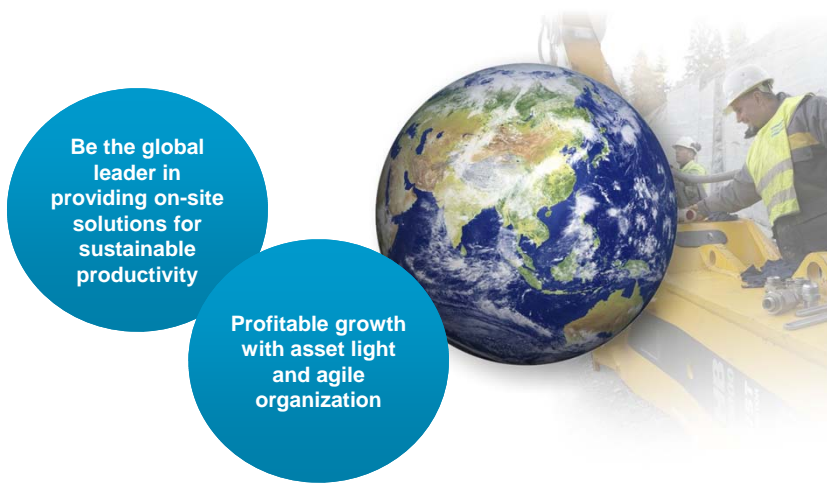
Construction Technique – acquisitions

- Profitable growth in core businesses
- Develop adjacent businesses



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Summary



Be the global leader in providing on-site solutions for sustainable productivity

Profitable growth with asset light and agile organization

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Committed to sustainable productivity.



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