Construction and Mining Technique

Björn Rosengren
Construction & Mining Technique

Construction and Mining Technique

- Markets / Customers

  **Construction**
  - > 50% of Business Area
  - Tunnelling and road construction
  - Dam construction
  - Quarrying
  - Breaking and demolition
  - Ground engineering
  - Demand keys:
    - Infrastructure- and public investments
    - Non-building construction activity

  **Mining**
  - < 50% of Business Area
  - Production and development work
  - Underground and surface mining
  - Loading and haulage
  - Exploration drilling

  Demand keys:
  - Mining machine investments
  - Ore production

<table>
<thead>
<tr>
<th>Month</th>
<th>Revenues MSEK</th>
<th>Operating profit MSEK</th>
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<tbody>
<tr>
<td>-96</td>
<td>4 800</td>
<td>4 000</td>
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North America: 17%
Europe: 47%
Asia/Australia: 18%
South America: 9.8%* (excluding restructuring costs)
Africa/Middle East: 14%
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Europe: 47%
Asia/Australia: 18%
South America: 9.8%* (excluding restructuring costs)
Africa/Middle East: 14%

Note: All figures are in MSEK.
Södra Länken, connecting the southern suburbs of Stockholm, is the largest road tunnel system ever built in Sweden.

- Excavated rock volume 2 million m³
- Total length of tunnels 16.6 km
- Construction period 1998 - 2004

LHDs and Trucks
Integration of Wagner into Örebro

Focus

Wagner new product range

Focus

- Increased investments in R&D
- New product range in 5 years

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Surface Drilling Equipment
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Rock Drilling Tools

Closure of Östersund Plant

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Geotechnical Drilling Equipment
Geotechnical Drilling Equipment in 11 years

All acquisitions are operating under the Atlas Copco brand

<table>
<thead>
<tr>
<th>Products</th>
<th>Products Territory</th>
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</table>

Capital Markets Day
November 12, 2003
www.atlascopco-group.com

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Construction Tools

Krupp - further implementation of synergies
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September 2003
12 month figures

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ROCE

September 2003
12 month figures

Modular design concept

Example surface drill rigs ROC D, F and L
Strategy

Organic Growth and Acquisitions

Research and Development

New product development

- New products and solutions, the driving force in organic growth
- Extend the product offer based on modular design concept
- Design and ergonomics
- Develop intelligent product concept

Product Innovation

ROC DS RRC

- Radio Remote Control
- Balanced design
  - Low center of gravity
  - High ground clearance
  - Exceptional rough terrain capabilities
Product Innovation

**Diamec U6 APC**

- New Drill Design
  - Reliability
  - Power
  - Flexibility
  - Safety and Ergonomics
- New Hydraulic Control System

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Product Innovation

**Simba M6 C**

- Computer Controlled
- RCS - Rig Control System

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Product Innovation

**Cobra Combi**

- Petrol driven drill and breaker
  - Multi-purpose tool
- Portable, Flexible, Economical
- Higher operator comfort and less environmental impact
  - Lower vibrations
    - New vibration-dampening handles reduce vibration levels from 8 to 5 m/s²
  - Less noise
    - Fulfilling the European Noise Directive (NED)
  - Cleaner emissions
    - Meets US emission regulations EPA I
Aftermarket concept

Aggressive growth of aftermarket business
- Develop global service concept/competence
- Introduce fleet management system
- Introduce more aftermarket products
- Focus through a separate organisation

Key account strategy

- A closer partnership relationship between customers and suppliers, when possible based on performance contracts.

Fundamental believes

Growth
Profitability
Stability
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Aftermarket - Use of Products
Acquisitions / Divestments

<table>
<thead>
<tr>
<th>Year</th>
<th>Acquisition</th>
<th>Divestment</th>
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<tbody>
<tr>
<td>1998</td>
<td>JKS Boyles</td>
<td>Robbins TBM</td>
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<td>2000</td>
<td>Hobic</td>
<td>JKS Lamage</td>
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<tr>
<td>2001</td>
<td>Christensen Products</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>Ankertechnik (MAI)</td>
<td></td>
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<tr>
<td>2003</td>
<td>Professional Diamond Drilling</td>
<td>Shenyang Rock Drilling Machinery</td>
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World ore production

Surface mining
Focused Markets

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Q3 2003

- Order volume growth, +8%
  - Mining orders continued to improve
  - Stabilization of order trend for light construction equipment
- Operating margins rebound
  - Very high invoicing offset sharply negative impact from currency
- Acquisition of Chinese rock drilling equipment manufacturer

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September 2003
12 month figures
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Orders received per region and trend in Q3 2003

September 2003

Change in volume, Q3 2003 vs. Q3 2002

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Market Position

- Global leader in rock drilling and excavation equipment and tools for hard rock construction and mining applications
- Defend strong market position by continuous product and service development and improved market presence and penetration
- Further develop position in mining, exploration drilling and light construction equipment