



Construction and Mining Technique

Björn Rosengren



Atlas Copco Rock Excavation Center



- Surface Drilling Equipment division at Eyra Works.
- Avos works, including Rocktec and Underground Rock Excavation divisions

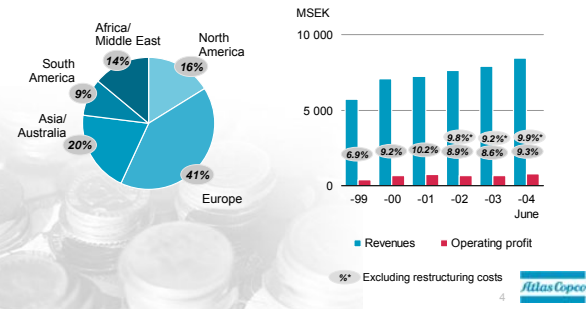
2 

Construction and Mining Technique



Construction and Mining Technique

June 2004
12 month figures



Construction and Mining Technique

Markets / Customers

Construction

- > 50% of Business Area
 - Tunnelling and road construction
 - Dam construction
 - Quarrying
 - Water well
 - 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

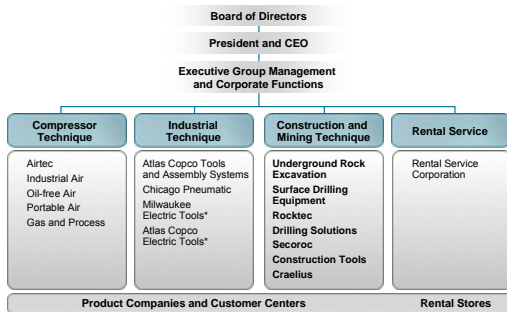
Capital Markets Day
September 21, 2004

www.atlascopco-group.com

5



The Atlas Copco Organization



*To be divested
Capital Markets Day
September 21, 2004

www.atlascopco-group.com

6



Underground Rock Excavation

*Underground Rock Drilling and Reinforcement
Front End Loaders and Mine Trucks*



7



Surface Drilling Equipment



Rocktec

Rock Drills Manufacturing and Development



Drilling Solutions

Rotary and Deephole



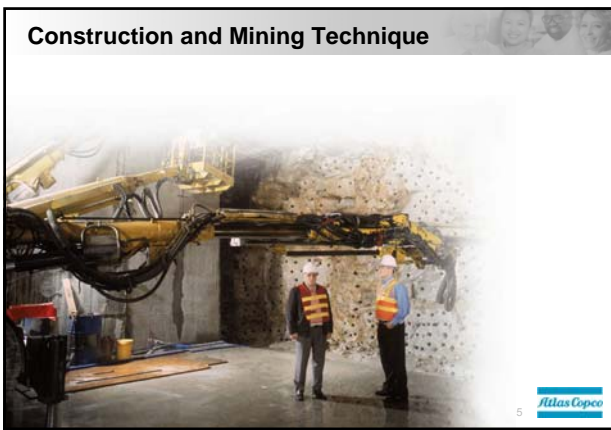
Secoroc
Rock Drilling Tools

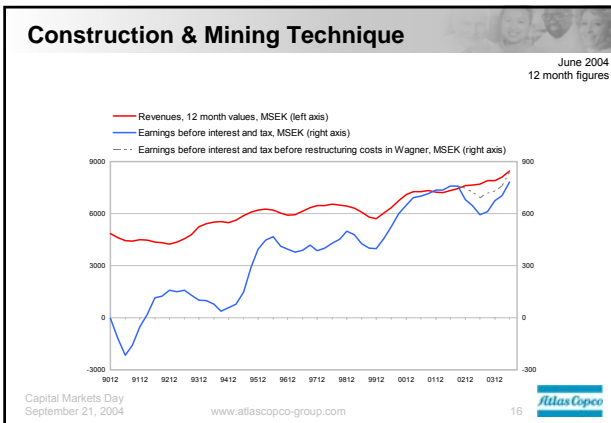
Craelius
*Geotechnical Drilling Equipment
 Prospecting and Ground Engineering*

Geotechnical Drilling Equipment in 12 years
All acquisitions are operating under the Atlas Copco brand

Products	Products Territory	Products Territory	Products Territory	Products Territory	
1992	1998	2000	2001	2003	2004

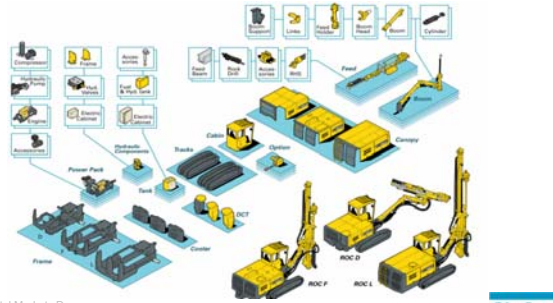






Modular design concept

Example surface drill rigs ROC D, F and L



Capital Markets Day
September 21, 2004

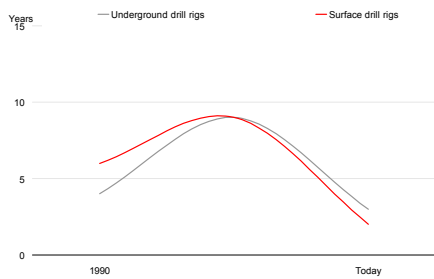
www.atlascopco-group.com

17



Research and Development

Average product age - drill rigs



Capital Markets Day
September 21, 2004

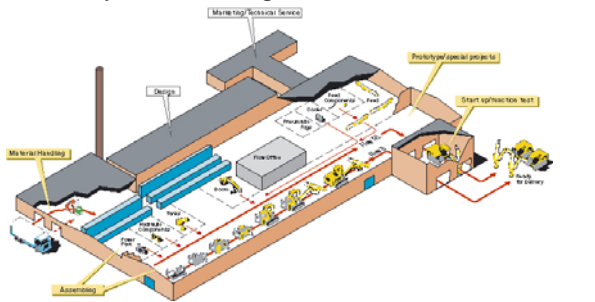
www.atlascopco-group.com

18



Flow Manufacturing

Example surface drill rigs



Capital Markets Day
September 21, 2004

www.atlascopco-group.com

19

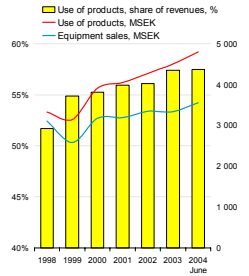


Construction & Mining Technique

Aftermarket - Use of Products

June 2004
12 month figures

- Consumables
 - Outsourcing
 - Logistics management
- Service and Spare Parts
 - Service contracts
- Rental



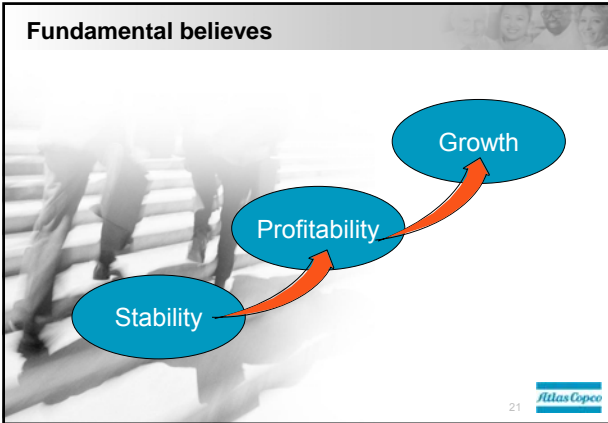
Capital Markets Day
September 21, 2004

www.atlascopco-group.com

20



Fundamental believes



21



Vision

- Atlas Copco Construction and Mining Technique shall be considered **first in mind and first in choice** as supplier of equipment and aftermarket services, for rock excavation and demolition applications, to the Mining and Construction industry
- Growth shall come from a strong underlying organic growth, as well as from acquisitions

www.atlascopco-group.com

22



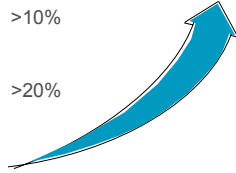
Construction and Mining Technique

Financial Targets

Growth: >8% pa

Operating margin (EBIT): >10%

ROCE: >20%



Capital Markets Day
September 21, 2004

www.atlascopco-group.com

23



Strategy

Organic Growth and Acquisitions



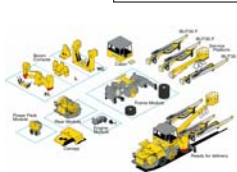
24



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



Capital Markets Day
September 21, 2004

www.atlascopco-group.com

25



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



Capital Markets Day
September 21, 2004

26



Key account strategy

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



Capital Markets Day
September 21, 2004

www.atlascopco-group.com

27



Construction and Mining Technique

Acquisitions / Divestments

Year	Aquisition	Divestment
1998	JKS Boyles	Robbins TBM
2000	Hobic	JKS Lamage
2001	Christensen Products	
2002	Ankertechnik (MAI) Krupp Berco Bautechnik	
2003	Professional Diamond Drilling Equipment and Mining Drilling Services Shenyang Rock Drilling Machinery	
2004	Ingersoll-Rand Drilling Solutions Baker Hughes Mining Tools Rotex Oy	

Capital Markets Day
September 21, 2004

www.atlascopco-group.com

28



Surface mining



Capital Markets Day
September 21, 2004

www.atlascopco-group.com

29





Capital Markets Day
September 21, 2004

www.atlascopco-group.com

30



Ingersoll-Rand Drilling Solutions

Acquisition

- A perfect strategic fit
 - Scope of supply – surface mining
 - Geographical coverage
- Synergies in manufacturing, product development, sales, distribution and aftermarket.
- Revenues approximately MUS\$ 300
- Purchase price MUS\$ 225
- Closed June 30, 2004



Capital Markets Day
September 21, 2004

www.atlascopco-group.com

31



Baker Hughes Mining Tools

Acquisition

- A perfect complement of consumables
 - Tricone bits for large diameter rotary drilling
 - Raise boring and shaft equipment
- Atlas Copco will be able to offer complete product assortment to surface mines
- Synergies in manufacturing, product development, sales, distribution and aftermarket
- Revenues approximately MUSD 40



Capital Markets Day
September 21, 2004

www.atlascopco-group.com

32



Rotex Oy

Acquisition

- Gives a leading position in consumables for overburden drilling
- Strong patented product portfolio complement existing product range
- Expanded geographical coverage
 - e.g. North America and Greater China
- A strong center for manufacturing, product development, sales and distribution of consumables for overburden drilling
- Fast growing and profitable business
- Revenues approximately M€ 8



Capital Markets Day
September 21, 2004

www.atlascopco-group.com

33



Construction and Mining Technique

People

- Competent and committed people
- Management resources
- Internal job market



Capital Markets Day
September 21, 2004

www.atlascopco-group.com

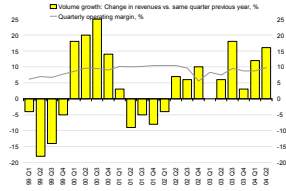
34



Construction & Mining Technique

Q2 Summary

- Order volume growth 14%
 - Strong demand from mining industry. Volume growth in all product areas.
 - Improved demand for construction equipment continued with growth in all important markets.
- Profit margin improved
 - Higher revenue volume, price increases and efficiency improvements.
- Acquisition of Ingersoll-Rand Drilling Solutions finalized



Capital Markets Day
September 21, 2004

www.atlascopco-group.com

35



Construction and Mining Technique

Summary

- Leading market position globally following acquisitions with perfect fit
- Pro forma growth >40%
 - Volume, price ~12%
 - Acquisitions >30%
- Strong foundation for organic growth
- Integration of acquisitions and efficiency improvements



Capital Markets Day
September 21, 2004

www.atlascopco-group.com

36

