Construction and Mining Technique


Björn Rosengren, Business Area President
Construction and Mining Technique

Fundamental Beliefs
- Growth
- Profitability
- Stability

Construction and Mining Technique

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Q3 2007

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<tbody>
<tr>
<td>Orders received</td>
<td>6,814</td>
<td>5,946</td>
<td>+30%</td>
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<tr>
<td>Revenues</td>
<td>6,634</td>
<td>4,567</td>
<td>+45%</td>
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<td>Operating profit</td>
<td>1,119</td>
<td>745</td>
<td>+50%</td>
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<td>– as a percentage of revenues</td>
<td>16.9</td>
<td>16.4</td>
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<td>Return on capital employed, %</td>
<td>33</td>
<td>34</td>
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Orders per Customer Segment

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[Chart showing orders per customer segment]
Strategic customer segments

- Underground mining
- Surface mining
- Quarries
- Tunneling
- Road development
- Hydropower plants
- Geotechnical work
- Water well
- Shallow oil and gas

Strategy

Organic Growth and Acquisitions

Strategic Areas for Growth

- New product development
- Aftermarket
- Key customer management
- Focused growth markets
- Acquisitions
Product Development

- New products and solutions, a driving force in the organic growth
- Trends
  - Enhanced productivity
  - Extend the offer based on modular design concept
  - Design and ergonomics
  - Intelligent product concept

Aftermarket

- Global service competence
- Fleet management system
- Extend product offer on aftermarket products
- Separate organization

Key Customer Strategy

- Organization to support key customers
- Take more responsibility through aftermarket contracts
- Offer global contracts and support
- Build partnership relations
Focused Growth Markets

- USA
- China
- India
- Russia/East Europe

Acquisitions / Divestments
Construction and Mining Technique

- 1988: JCG Stakes (Div. Robbins TBM)
- 2000: Holec (Div. JKS Lamage)
- 2001: Christensen Products
- 2002: Anketech (Bed) (Div. JKS Lamage)
- 2003: Krupp Berco Bautechnik
- 2004: Professional Diamond Drilling Equipment and Mining Drilling Services
- 2005: Shenyang Rock Drilling Machinery
- 2006: Rotex Oy
- 2007: Ingersoll-Rand Drilling Solutions
- 2008: Baker Hughes Mining Tools
- 2009: Lifton
- 2010: Contex
- 2011: CRM
- 2012: Thiessen

A good fit
Acquisitions – Dynapac
CMT in Construction

Global leadership in defined niches

Quarrying
Underground civil engineering
Surface civil engineering
Demolition
Road construction and maintenance

Construction Customers

- Quarries, aggregate and limestone
- Contractors for:
  - Road construction
  - Foundation preparation and ground consolidation
  - Hydro power plants
  - Tunneling
  - Oil and gas Storage
- Demolition
- Water well
- Shallow oil and gas

Infrastructure projects

Roads and Railways

The total network of roads/railways and metros in the world will 2050 will be tripled of today

Estimation until 2012
- New roads: +30% whereas 50% in Asia and 25% in EU
- Maintenance: EU and North America 65%
- New EU countries and Asia due to quality will be next issue for maintenance and extension

Atlas Copco’s equipment represents 10% in the projects
Infrastructure projects
Hydro power plants and Dams

We count on 5-10% annual growth dominated by Asia followed by Latin America while Africa has the need and potential
Atlas Copco’s equipment represents 10% in the projects

Infrastructure projects
Cement consumption 2006 as an indicator of construction activities

Top 20 countries: 2101 Mt
Others: 656 Mt
Total: 2557 Mt
Requires 4 100 Mt Limestone
Anticipated Growth: ~ 7%/year

CMT Footprint in Emerging Markets
China

Present Investments:
Zhangjiakou – new assembly hall
Shenyang – new factory
Nanjing – new factory
Wuxi – new factory
Beijing – extended factory
Factories, Offices and Dealers
China

CMT Sales Offices
CMT Factories
Dealers

CMT Footprint in Emerging Markets
India
Present Investments:
Nashik – new factory

Sales & Dealer Network
India
Sales Officers
AC Brand
CP Brand
Nashik Factory
CMT Footprint in Emerging Markets
Russia
- >40% average annual growth since the millennium
- Market leader
- Strong presence

Sales & Dealer Network
Russia
- Present rep offices
- Present Hub offices
- New BO to be opened
- New Hub offices

USA world’s largest construction market
Position in the Unites States
- Market leader
- Strong distribution network
- Revenues 2007 > 5x revenues 2003
CMT USA Distribution footprint

- Manufacturing locations
- CMT Company Stores 35%
- CMT Service Centers
- Top-20 distributors 35%
- With 150 locations
- + 500 Specialty Distributors and Rental Houses with 1,200 locations

% of total sales

Conclusion

- Mining demand is very strong, no signs of slow down
- Construction market expected to continue to grow, especially in emerging markets
- Atlas Copco CMT is well positioned for the future

We are committed to your superior productivity through interaction and innovation.